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AMEND THE POULTRY PRODUCTS INSPECTION ACT

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HEARINGS

BEFORE THE

SUBCOMMITTEE ON LIVESTOCK AND GRAINS

OF THE

COMMITTEE ON AGRICULTURE

HOUSE OF REPRESENTATIVES

NINETIETH CONGRESS

SECOND SESSION

ON

H.R. 14594, H.R. 14741, H.R. 14782, H.R. 15146,
H.R. 15149, H.R. 15154, H.R. 15361, H.R. 15484,
and H.R. 15504

FEBRUARY 19, 20, 21, AND 22, 1968

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AMEND THE POULTRY PRODUCTS INSPECTION ACT

MONDAY, FEBRUARY 19, 1968

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON LIVESTOCK AND GRAINS
OF THE COMMITTEE ON AGRICULTURE,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10:05 a.m., in room 1301, Longworth House Office Building, Hon. Frank A. Stubblefield presiding.

Present: Representatives Stubblefield, Poage, Foley, Mrs. May, Dole, Zwach, Kleppe, and Price.

Also present: Christine S. Gallagher, clerk; William C. Black, general counsel; Hyde H. Murray, assistant counsel; L. T. Easley, staff consultant, and Fowler C. West, assistant staff consultant.

Mr. STUBBLEFIELD. The subcommittee will please come to order.

We are met this morning to hear witnesses on the subject of amending the poultry inspection law by bills introduced by various Members.

(The texts of the various bills, H.R. 14594 by Mr. Bennett; similar bills, H.R. 14741 by Mr. Morton and H.R. 14782 by Mr. Roth; similar bills, H.R. 15146 by Mr. Purcell, Mr. Dow, Mr. Smith of Iowa, and Mr. Foley; H.R. 15149 by Mrs. Sullivan; H.R. 15361 by Mr. Vigorito; H.R. 15484 by Mr. Corman; and H.R. 15504 by Mr. Kupferman; and H.R. 15154 by Mr. Poage, may be found in the appendix.)

The first witness this morning will be on the administration bill introduced by Congressman Neal Smith of Iowa and Leonor K. Sullivan of Missouri and Congressman Vigorito of Pennsylvania.

We will be glad to hear from you now Congressman Smith.

STATEMENT OF HON. NEAL SMITH, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF IOWA

Mr. SMITH. Mr. Chairman, members of the subcommittee, I appreciate the opportunity to appear here today to testify on behalf of legislation to improve the Federal poultry inspection program. Last year Congress passed legislation to strengthen the Federal meat inspection program and I am pleased that hearings have been scheduled promptly on bills introduced this year dealing with poultry inspection.

While the volume of poultry products slaughtered, processed, and consumed in the United States is much less than for red meat, in many respects I believe the situation relative to inspection is similar. About the same percentage of both is adequately inspected, and in both industries there are competitive advantages for the uninspected processor. In the poultry industry, these advantages tempt the uninspected

processor to market sick birds and process under unwholesome conditions.

In 1966, about 87 percent of the poultry sold in the United States, or 10.9 billion pounds, was handled by federally inspected establishments but a large share of the remaining 13 percent, which amounts to 1.6 billion pounds, was slaughtered or processed in States which have no mandatory antemortem and postmortem laws covering poultry.

The members of the committee heard all the arguments for and against extending red meat inspection and protection and the Congress has spoken on that particular subject. I hope that even those who opposed the Red Meat Act recognize that the vast majority want the inspection service extended to cover those poultry products which now escape such inspection and proper labeling and also think we have waited long enough. Under that assumption, it is not necessary to repeat all the arguments made last year which the committee recognizes would apply to poultry as well.

While the 1967 act relative to red meat may not be precisely what every Member of Congress would have preferred, it represents the way in which the vast majority of this Congress fully decided to meet a similar problem and I therefore believe that a bill for poultry that is parallel to the 1967 act would be a practical objective. While I believe H.R. 15146, as drafted by the Department, changes a few important provisions contained in the 1967 act, it could easily be amended to meet that objective. When I joined in introducing the bill, I stated and I still believe that a few amendments which I will outline are the least that is needed before passing the bill.

The amendments are as follows:

1. On page 19 in line 18, insert after "thereafter," the words "but at least annually,"; and at the end of line 22 on the same page strike the period and add "and annually report thereon to the Congress."

In explanation: These provisions were in the 1967 act but omitted from the proposed bill before sending it to the Congress. I understand the Budget Bureau was responsible.

Unless there is a review at least annually and a report as to the operation of State programs that have been approved as at least equal to the Federal program and eligible for Federal funds, there would be no way to know when or if a State program no longer met the requirements of the law. This would encourage legislatures and States to reduce enforcement and would surely result in Federal money being paid for protection which in some cases would not be furnished. This is an extremely important provision.

2. Delete lines 23 and 24 on page 19 and lines 1 through 8 on page 20; and on page 11 in lines 6 through 8, strike the comma after the word "Act" on line 6, insert in lieu thereof a period and strike the remainder of the sentence.

In explanation: If left in the bill, this provision would permit non-federally inspected poultry from plants in States which had qualified for Federal funds to be sold in interstate commerce. This provision is not in the Red Meat Act and I understand it was added to the poultry bill, as recommended by the Department, at the request of some State secretaries of agriculture.

When a State meets Federal standards and has an enforcement program at least equal to the Federal program they are removed from the list of States where intrastate plants will be federally inspected; however, they could become lax for several months before they can be placed back on the list. This is because section 5(C)(3) provides that instating Federal inspection shall only be after a 30-day notice and publication in the Federal Register. By the time Federal inspection could be instated, millions of pounds of contaminated poultry products could have moved all over the United States or the world. The constant possibility that this would be occurring could hurt both our domestic and foreign market for poultry.

If poultry from these plants were to move in interstate commerce, the very least that should be provided is a continuing review by Federal inspectors of the whole operations within the State and authority to instate Federal inspection instantly if the State fell below the Federal inspection instantly if the State fell below the Federal standards. That kind of provision, I think, would create such great friction when applied, and be so costly and disrupting, that it seems to me the added language should simply be eliminated.

3. On page 14 in line 8, after the word "imposes" insert the word "mandatory".

In explanation: This word was in the Red Meat Act to make sure that a State program would not qualify for Federal funds and that establishments in that State would not be exempt from Federal inspection unless the State had a mandatory law. I understand the Department believes the word to be superfluous, but it was in the 1967 act and leaving it out of this one could raise the argument that it was left out for a purpose and the only purpose could be to permit States with voluntary laws to comply. I don't think there should be any doubt about this requirement and urge that the word be inserted.

4. On page 6, after line 24, insert the following paragraph:

"(9) If it is margarine containing poultry fat and any of the raw material used therein consisted in whole or in part of any filthy, putrid, or decomposed substance."

In explanation: This provision was in the Red Meat Act under the section defining adulterated products but was not included in the draft of H.R. 15146 prepared by the Department. Poultry fats are being saved and sold and it is just as objectionable to use contaminated poultry fats.

I am still in favor of moving faster toward greater protection than was provided in the 1967 Red Meat Act and have prepared an amendment to this bill that could accomplish that; but I recognize the fact that the vast majority in Congress spoke in favor of the 2-year delay with certain interim protections. If H.R. 15146 were amended as I have outlined, we could have a poultry bill that would be as comprehensive as the Wholesome Meat Act of 1967.

Some people would prefer to extend the existing law to cover all poultry and poultry products with no State cooperation and, therefore, no need for the lead time provided in H.R. 15146. At first glance, this might appear to offer more protection; but the existing law is not nearly as comprehensive as H.R. 15146. H.R. 15146 contains provi-

sions patterned after the 1967 Red Meat Act which provides extensive and badly needed additional protection against misbranding, deceitful packaging, colored and labeling, and the use of inferior 4-D and other materials. New trends in the industry, such as promotion of pre-packaged foods and new chemicals and ways of handling inferior products, name these provisions very important.

While a mere extension of existing law would provide great protection in some cases during the next 2 years, the provisions of H.R. 15146, amended as I have suggested, would provide a broader and clearer protection after the 2-year implementation period has expired.

I strongly urge that H.R. 15146 be strengthened as outlined and passed.

Mr. STUBBLEFIELD. Thank you, Congressman Smith.

Are there any questions?

Mr. FOLEY. I should like to reserve my questions for the moment, but I wish to compliment the gentleman from Iowa on his fine testimony.

I will say that I agree with you in your recommendations for amendments as being sound.

I have no questions at this time, Mr. Chairman.

Mr. STUBBLEFIELD. Mr. Dole?

Mr. DOLE. No questions.

Mr. STUBBLEFIELD. Mr. Zwach?

Mr. ZWACH. No questions.

Mr. STUBBLEFIELD. Mr. Kleppe?

Mr. KLEPPE. No questions.

Mr. STUBBLEFIELD. Thank you, again, Congressman Smith.

The next witness is Congresswoman Leonor K. Sullivan.

We will be glad to hear your statement now.

STATEMENT OF HON. LEONOR K. SULLIVAN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MISSOURI

Mrs. SULLIVAN. Thank you, Mr. Chairman. With your permission, and in order to save the time of the subcommittee, I would like to have made a part of the record a copy of a letter I wrote to Secretary Freeman last December and his reply to me, showing the origin of the administration bill which I have introduced and which several other members have introduced.

In addition, I would like to have included a document which establishes the danger to humans from diseased poultry. This was part of the voluminous documentation I submitted to the House on June 18, 1956, which led to the enactment of the Poultry Products Inspection Act of 1957. For those members interested in the full background, I refer them to the Congressional Record of June 18, 1956, which contains 18 pages of material and background data spelling out the need for Federal inspection of poultry. I am not offering that vast amount of detail here but, as I said, I would like to insert one part of it only—a report from the Public Health Service which discussed the diseases transmissible to humans from poultry. It is certainly relevant to this bill today. I am not including the three solid pages of references and tables which appeared in the Congressional Record as part of this

report—just the discussion section summarizing the information on poultry diseases transmissible to humans.

Mr. STUBBLEFIELD. Without objection, it will be made a part of the record at this point.

(The documents referred to follow:)

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., December 11, 1967.

Hon. ORVILLE L. FREEMAN,
Secretary of Agriculture,
U.S. Department of Agriculture,
Washington, D.C.

DEAR ORVILLE: Can I involve you in another issue? I need your help.

If you have had a chance to read the debate in the House on the Meat Inspection bill, you probably noticed my references to the need for getting at the problem of bad poultry processed and sold in intrastate commerce. I am enclosing a copy of my remarks in case you missed them.

Please look them over. And, if you have the hearings of the House Agriculture Committee on the Meat Inspection bill, I hope you will turn to my testimony beginning on page 41 through page 63. It deals more with poultry than with meat.

I am writing to you rather than to the Consumer and Marketing Service people because they know all about this issue already and what I need is some guidance or assistance from you.

I have never been able to understand the need for separate Poultry and Meat Inspection laws. When I started on the poultry problem 11 years ago, my inclination was merely to amend the Meat Inspection law to include poultry. But I was talked out of that by some of the strategists who felt that we could have a better chance of getting help from Members of the Agriculture Committee from poultry-raising areas if they thought that whatever distinctive or unique aspects of poultry, compared to meat, could be taken care of in the legislation.

So for 10 years we have had two separate laws, even though now both are under the same administrative direction. I pleaded with the Agriculture Committee to handle the problem of intrastate inspection for both meat and poultry in the same way—either by adopting the “major consuming area” machinery of the Poultry Act for Meat Inspection or else amending the Poultry Act to conform to whatever setup was devised for Meat Inspection. As you know, the idea did not get very far in this session.

It is my intention to offer new legislation in the second session to provide authority for coverage of poultry in intrastate commerce. I would appreciate help from you on this, specifically:

(1) A draft of a suitable bill which I could introduce;

(2) The initiation by your Department of the kind of study into conditions in the non-inspected poultry plants similar to the surveys made by your meat inspectors into conditions in the uninspected meat packing plants.

The information developed by the meat inspectors was a prime factor in getting Congress to pass H.R. 12144.

In asking for this assistance, I perhaps should point out that I was the first Member of Congress to call for compulsory Federal inspection of poultry and, although it was not a bill with my name on it which became law, I feel I am justified in claiming the credit for its enactment in 1957. So I am not trying to jump on someone else's project. As a matter of fact, some of those who were most active in the fight for the Meat Inspection bill have indicated their desire to join me now in bringing the Poultry Act up to date and meeting the problems of intrastate poultry fitness. We have failed in implementing the machinery of the 1957 Act for intrastate use. If that Act is not practical, then I want something which I could introduce which would solve this problem.

I am sure there must be millions of pounds of poultry sold only in intrastate commerce and I would suspect that most of this comes from plants which could not possibly meet the requirements for Federal inspection.

Sincerely yours,

LEONOR K. (Mrs. JOHN B.) SULLIVAN,
/s/ Leonor K. Sullivan,
Member of Congress, 3rd District, Missouri.

DEPARTMENT OF AGRICULTURE,
Washington, D.C., December 21, 1967.

Hon. LEONOR K. SULLIVAN,
House of Representatives.

DEAR MRS. SULLIVAN: I am glad to get your letter of December 11 requesting assistance in developing amendments which would strengthen the Poultry Products Inspection Act. We have been studying this problem for several months and we are concerned that substantial quantities of commercially produced poultry products do not receive adequate inspection to assure wholesomeness.

We have made a careful reexamination of Section 5 of the Poultry Products Inspection Act and efforts have been made several times to use this provision to extend the Federal inspection program where consumers were not receiving adequate protection. We do not believe that this Section of the Act as presently written will produce the desired results. We are in the process of developing amendments that would provide adequate inspection using provisions similar to those contained in the new Wholesome Meat Act.

Just as soon as we have the language available, we will call you. We appreciate your continued interest and look forward to working with you on this matter.

Sincerely yours,

ORVILLE L. FREEMAN, *Secretary.*

[From the Congressional Record, June 18, 1956]

EXHIBIT A

POULTRY DISEASES TRANSMISSIBLE TO MAN, INCLUDING SUMMARY REPORT OF OUTBREAKS

(By Mildred M. Galton, bacteriologist, Communicable Disease Center, Public Health Service, Federal Security Agency, Atlanta, Ga., assigned to Bureau of Laboratories, Florida State Board of Health, Jacksonville, Fla., prepared for the Chief Veterinary Public Health)

The diseases of poultry to which man is also susceptible comprise a rather large group. In his excellent review Ingalls (1) lists 26 such diseases including those caused by bacteria viruses, fungi, and protozoa. It is apparent that some of these diseases constitute a considerable hazard to public health.

In a more recent discussion of this subject, Brandly, C. A. B. (2) pointed out that interspecies infection cycles usually favor similar hosts, thus, a disease in animals generally would have a greater chance of thriving if transmitted to related species than to avian hosts. He emphasized, however, that this may not always be true and discussed the nature of the host-parasite relationship of certain diseases common to man and fowl. Earlier, these infections were discussed by Brandly, P. J., (3) from the standpoint of poultry inspection and public health. In the present report the current status as public health hazards of the following diseases common to man and fowl will be reviewed:

Bacterial: Salmonellosis, paracolon infections, erysipelas, staphylococcosis, streptococcosis, tubercellosis, brucellosis, listeriosis, tularemia, pseudotuberculosis, and diphtheria.

Viral: Equine encephalomyelitis, newcastle disease, psittacosis, and rabies.

Fungal: Favus, thrush, and aspergillosis.

Parasitic: *Dermanyssus gallinae*, Toxoplasmosis.

SALMONELLOSIS

The role of fowl, swine, cattle and many other animals as a source of outbreaks of salmonellosis in man has been established but only during the past decade has great emphasis been placed upon the public health significance of these reservoirs in the epidemiology of *Salmonella* infections. There have been numerous reports incriminating poultry or poultry products in outbreaks of the disease in man. The studies of Edwards, Bruner, and Moran (4) indicate that fowls are the largest single reservoir of *Salmonella* in this country. While *S. pullorum* and *S. typhimurium* are the most common types, these authors found a great number of *Salmonella* types (60) in fowl than any other species except man. Of these at least 56 have been found in humans. As pointed out by Hinshaw and McNeil (5, 6) "there may well be no truly avian nor truly human types; in fact

fact such a description frequently means only priority in isolation." They observed 7 cases of gastroenteritis among attendants on poultry farms caused by contact with acute outbreaks in poultry. Further evidence indicated the transmission of *Salmonella* to fowl by human carrier attendants on the ranch. All types are potentially pathogenic for man, animals, and fowls. In poultry as in man (8, 9) and other animals (4) *Salmonella* infection depends largely upon age and general resistance rather than upon the type of *Salmonella*, the young appearing most susceptible. *S. pullorum* until recently considered relatively non-pathogenic for man has been incriminated as the cause of one large outbreak of food poisoning (10) and several sporadic cases (11, 12). In Florida, *S. pullorum* has been isolated from cases of mild enteric fever and gastroenteritis in three individuals.

Considerable evidence is accumulating concerning the presence of *Salmonella* in poultry meat. Cherry, Barnes, and Edwards (13) report the recovery of a nonmotile salmonella from the skin of frozen turkeys. Galton, Mackel, and Haire (14) isolated anatum, from material appearing to be encysted egg yolk in a frozen chicken. Schneider and Gunderson (15) found 4 *Salmonella* types on the skin of 4.4 percent of 1,014 eviscerated chickens. They concluded that the customary methods of sanitation in the plant did not eliminate *Salmonella*. Most of these birds had been frozen and stored for some time. Browne (16) found that *S. typhimurium* survived for at least 13 months on the skin of frozen turkeys. It is thus apparent that freezing does not kill all of the *Salmonella*.

More recently, attention has been given to the study of *Salmonella* in the environment of poultry processing plants. Browne (16) studied a turkey processing plant and isolated *S. typhimurium* from trays on which viscera were placed, pans in which cleaned giblets were stored, waste buckets and hands of eviscerators, trimmers, and inspectors. These organisms were also obtained from the loading platform, scalding chute, and floor, from the final wash trough, and even from dust on the rafters.

During an extensive study of the bacteriology of commercial poultry processing, Kyle, McFadden, and Gunderson (17) isolated *Salmonella* from the hands of workers on the evisceration line, from the skin of birds ready for storage, from organs of the chickens, and other items on the evisceration line. Reports of outbreaks of food poisoning following the consumption of poultry meat are numerous as evidenced by the weekly reports of the National Office of Vital Statistics (see table 1).

Reports implicating raw, frozen, or dried eggs as sources of *Salmonella* outbreaks appear frequently. Watt (18) reported such an outbreak attributed to raw eggs which contained *S. montevideo*. *S. tennessee* was isolated from frozen whole eggs and from powdered eggs by Schneider (19). Extensive studies on the occurrence of *Salmonella* types in dried egg powder have been reported by Schneider (20). Solowey (21) and associates, and the British investigators (22). Further studies on heat resistance and destruction by pasteurization of *Salmonella* organisms isolated from spray dried or liquid whole egg have been reported by Solowey et al. (23). Winter et al. (24, 25), and Goresline (26 et al.). The investigation carried out by Goresline et al. revealed that pasteurization can be used successfully, under processing-plant conditions, to produce liquid, frozen, and dried whole eggs free of *Salmonella*. They recommend flash heating the liquid whole egg to 140° F. and holding at that temperature for 3 minutes to kill any *Salmonella* present.

That breaks in the pasteurization procedure do occur in large processing plants is indicated by a recent announcement in the Associated Press (November 28, 1952) in which the Food and Drug Administration issued a warning to the public to discontinue use of Swift & Co.'s canned dried egg yolk due to the presence of *Salmonella* organisms. This product had been pasteurized.

McCullough and Eisele (27) were able to produce clinical salmonellosis in 32 human volunteers by experimental infection with strains of *Salmonella melagridis* and *Salmonella anatum* derived from spray dried whole egg. Similar studies (28) with *S. newport*, *S. derby* and *S. bareilly* resulted in clinical illness in 15 subjects, and with 4 strains of *S. pullorum* (29) there were 27 cases of human illness.

It is thus obvious, as emphasized by Hinshaw and McNeil (5) that "both from a poultry economic and public health standpoint, salmonellosis is a hazard which should be eliminated." These investigators present the following essentials for prevention of the disease in poultry: (1) "elimination of known infected flocks as

sources of replacements for breeding flocks (2) the use of separate hatching facilities for eggs from such flocks (3) the frequent use of diagnostic laboratories, to discover new outbreaks which may endanger future replacement sources (4) the recognition of numerous animal reservoirs of these diseases which must be controlled to prevent transmission (5) fly control, and (6) cooperation of growers, hatcheries, veterinarians and State agencies in securing replacements from salmonellosis free sources.

PARACOLON INFECTIONS

The significance of the etiological relationship between paracolon organisms and enteric infections in man is difficult to determine due to the frequent recovery of some of these strains from the feces of apparently healthy persons and the lack of adequate methods of classification of different types. However, there have been numerous reports (8, 9, 30, 31) indicating pathogenicity of some types.

Many of the paracolon organisms contain antigens common to the *Salmonella* and *Shigella* groups. This is particularly true of the Arizona group of paracolons which are closely related to the *Salmonella*. The excellent work of Edwards and his coworkers (32, 33, 34, 35) in establishing a satisfactory serologic classification for the Arizona group and presentation of epidemiological data leaves no doubt that these paracolon organisms are pathogenic for animals. The majority of cultures of this group that have been studied were isolated from fowls, egg powder, and reptiles. Many cultures were obtained by Hinshaw and McNeil (36,37) during studies of infections among reptiles and turkeys. The symptoms and pathology in birds infected with these paracolon bacilli are comparable to those which occur in salmonellosis in fowls. The organisms have been isolated from heart blood, and all organs indicating a definite septicemia; young fowls, particularly poults, appear more susceptible. Mortality in flocks was comparable to that found in *Salmonella* infections. The spread of the infections by hatcheries and through eggs has been clearly established (35, 36).

There have been scattered reports of the isolation of Arizona paracolon bacilli from man. Of 456 cultures studied by Edwards, West and Bruner (35) 5 were from human sources. All were from cases of enteric infection in which no other pathogenic organisms were recognized. Verder et al (38) isolated a paracolon identified by Edwards as Ar. 1, 2: 1, 2,5 from 70 percent of patients cultured during an outbreak of gastro-enteritis involving 51 student nurses. The organism was not obtained from 16 normal students cultured. Buttiaux and Kesteloot (39) reported the isolation of paracolon bacilli similar to the Arizona group from 6 patients, 3 with acute enteric disease, 2 with chronic colitis, and 1 with a typhoid-like fever. In 1950, Murphy and Morris (40) described 2 small outbreaks of gastroenteritis, both of which were associated with a member of the Arizona paracolon group. In both episodes, evidence relating to source of infection, incubation period and symptoms of individuals involved resembled the pattern observed in food infections due to *Salmonella*. Bacteriological findings indicated the paracolon bacillus was the etiologic agent.

Thus, the necessity for the prevention and control of this infection in fowl is obvious.

ERYSIPELAS

The occurrence of a septicemia associated with *Erysipelothrix rhusiopathiae* the causative agent of swine erysipelas and erysipeloid infection in man, has been reported in many species of birds. Fish though not susceptible carry the organism on the slime. The disease is relatively common in turkeys and ducks (41, 42, 43). It is characterized in acute cases by febrile symptoms and occasionally diarrhea; death may occur in 1 to 2 days; in chronic cases by loss of appetite, diarrhea and gradual emaciation (44). Diagnosis depends upon bacteriological examination as lesions are indefinite and not usually considered pathognomonic. The infection in man, first recognized by Rosenbach, in 1884, may occur as a mild, localized cutaneous lesion, sometime accompanied by mild arthritic symptoms; as a diffuse or generalized cutaneous eruption, with arthritic symptoms and negative blood culture or as a septicemic form with endocarditis (45). Chronic cases of long duration have also been reported (46).

Erysipeloid has long been recognized as an occupational disease of abattoir employees, veterinarians, butchers, kitchen workers and those handling poultry and

fish (47). In a review of 100 cases Klauder (48) was able to obtain a history of contact with animals, animal products or fish. Stiles (41) reported cutaneous lesions and symptoms of erysipeloid in the owners of an infected turkey flock. Successful treatment of the disease in man with penicillin has been reported frequently (46, 49, 50). Stiles considered the public health significance of marketing possible infected turkeys and outlined the procedure followed in an outbreak in one flock. Apparently healthy fowls were marketed to a processing plant where they were subjected to Federal inspection. Questionable birds were rejected and the slaughtered birds were boned and sterilized by canning.

According to Klauder (48), the virulence of *E. rhusiopathiae* varies in different species and in the same species. The organism has the capacity to change suddenly from a harmless saprophyte to a pathogenic parasite. Although man is relatively immune when the organism enters the gastro intestinal tract, cutaneous infections appear rather commonly. Skalova (51) in Yugoslavia has reported one fatal case of infection with *E. rhusiopathiae*.

STAPHYLOCOCCOSIS

Staphylococci are widely distributed in nature but they may cause a variety of disease entities in man, domestic animals and fowl. Avian staphylococcosis has been reported in turkeys by Jungherr (52) Hinshaw and McNeil (53) and Hinshaw (54), in geese by Lucet (55), in ducks by Van Heelsbergen (56), and less frequently in chickens (57, 58). In fowl the infection occurs as an acute septicemia or chronic arthritis also known as bursitis, hock disease, ostitis or synovitis. In man, the most frequent manifestation is food poisoning, produced by an enterotoxin liberated by the growth of some staphylococcus strains in food prior to ingestion. Septicemia occurs occasionally in man. Although, no reports have been found concerning the transmission of fowl staphylococcosis to humans McNeil (59) states that they have isolated *Micrococcus pyrogenes* from boils on the hands of workers in poultry killing plants. This potential source of infection in man warrants further study.

STREPTOCOCCOSIS

Streptococcus infections occur in both man and birds. Ingalls (1) is of the opinion that the infection in poultry does not play a prominent part in human disease, however, he has observed that the handling, dressing or eating of infected birds may serve as a source of infection in man. Acute streptococcal septicemia in fowls was first observed in this country by Norgaard and Mohler, 1902 (60) and later by Hudson (61). The disease is highly fatal. A chronic infection of hens due to hemolytic streptococci (group C) was reported by Edwards and Hull (62). Buxton (63) in England reports an acute infection of poultry due to streptococcus zooepidemicus which became chronic after 4 weeks. Edwards (64) states that all streptococcal infections of poultry that he has encountered have been due to the so-called animal group C types. A search of the literature reveals no reports of infection of fowls due to group A streptococcus strains.

TUBERCULOSIS

Avian tuberculosis is widely distributed in poultry throughout the central and north central sections of the United States. It frequently also infects swine, occasionally cattle and rarely man. It is most common in chickens and pigeons, although it does infect other species of fowl. Chickens are susceptible only to the avian type of the tubercle bacillus. The question of the pathogenicity of avian tubercle bacilli for man has received much speculation. Feldman (65) has reviewed the literature up to 1938 and concluded that although human infection does occur, it is very rare. He further observed that many of the reported cases were inadequately or incompletely studied resulting in a questionable diagnosis of avian tuberculosis. Rich (66) reviewed the data available up to 1944 and noted "that if progressive tuberculosis is ever produced in the human being by the avian tubercle bacillus it must be only rarely."

There have been a few confirmed cases, however, in which the organisms were identified. Bradbury and Younger (67) reported a case of pulmonary tuberculosis in a man from whom organisms were identified as the avian type on three occa-

sions. This man had consumed 1 or more raw eggs a day for 30 years providing a possible source of infection. Avian tubercle bacilli were also isolated from a mediastinal lymph node from a man (68). A diagnosis of Hodgkin's disease had been made. Another isolation was reported from a case diagnosed as Boeck's sarcoid in a 50-year-old woman who had lived on a farm in Norway where tuberculosis of chickens was common (69).

In chickens the disease is characterized by its chronicity and by lesions in the liver, spleen, kidneys, ovaries, intestines, and bone marrow. Large numbers of organisms are disseminated in fecal material. The bacilli are occasionally present in eggs from tuberculous hens.

Feldman (70) makes the following statements concerning the suitability of tuberculous fowl for human consumption: "When food markets are supplied from territories where tuberculosis is prevalent among chickens, the question of the suitability of the tuberculous fowl for human consumption is important. The problem is pertinent, not only because of the possible transmission of avian tuberculosis to human beings, but also because of the natural aversion of most people to food prepared from diseased animals. In the absence of a nationwide, efficient postmortem inspection of poultry, the only assurance to the consuming public that carcasses of dressed poultry represent healthy animals is the integrity of the merchant and the ability of the laity who dress fowl to recognize morbid processes."

BRUCELLOSIS

Natural outbreaks of *Brucella* infection on poultry farms have been described in Italy by Florentine, in France by Dubois (71) and in the United States by Emmel (72). The symptoms in birds appear quite variable. In some, general debility, diarrhea, and paralysis are observed with high mortality; in others, no symptoms appear. Post-mortem examination shows enlargement of spleen, degeneration of liver and kidney with necrotic foci and enteritis. Emmel and Huddleson (73, 74) were able to produce infection in fowl by feeding naturally infected milk, portions of an aborted fetus and cultures. They also reported the occurrence of natural infection in four flocks. Pagnini (75) attempted to infect chickens by giving them gelatin capsules containing *Brucella*. He succeeded only when employing large number of organisms and concluded that chickens were not of great significance in the spread of brucellosis. Pavlov (1938) (76) reported 5 of 7 rabbits placed with infected chickens became infected and died in 3 months. *Brucella* organisms were isolated from the rabbits. None of 3 normal chickens and 10 normal guinea pigs, placed with the infected chickens showed evidence of infection. Eggs from chickens infected with massive doses of *Brucella* were found to contain the organism only between the 4th and 14th day after infection.

The experiments of Felsenfeld and his associates (77) showed that intramuscular, and intraperitoneal infections and feeding of *Brucella*, caused bacteriemia, fecal excretion of organisms and the appearance of significant serum agglutinin titers. They also observed cross reactions with *Vibrio cholerae*, *Proteus* OX-19 and *S. pullorum* antigens. *Brucella* were transmitted to normal chickens by feces from infected chickens. These investigators point out the possibility of misinterpreting pullorum disease in flocks of chickens with *Brucella* infection due to the cross reactions with pullorum antigens. They have observed also the difficulty in detecting infected chickens during inspection due to the frequent absence of significant pathology.

Since birds can become infected with *Brucella* and may thus transmit the disease to other fowl, domestic animals and man, efforts to prevent the contact of poultry with infected mammals should be taken.

LISTERIOSIS

Listeria monocytogenes is a causative agent of sporadic cases of meningitis in man and also has been isolated from the blood of patients with an infectious mononucleosis-like syndrome (78). In chickens it produces a specific septicemia with apparently few clinical symptoms. Necrotic lesions of the heart muscle and generalized edema may occur. Many other hosts are susceptible to spontaneous infection including the goat, sheep, cow, fox, guinea pig, and rabbit. It is noteworthy that the encephalitic symptoms, characteristic of listeriosis in domestic mammals have not been observed in naturally affected chickens.

Distribution of the infection in man and animals appears to be worldwide (78, 79); in chickens outbreaks have been reported in many parts of the United States and England (80, 81, 82).

Although no reports have been found to indicate direct transmission of *Listeria* infection from poultry to man the fact that both are susceptible warrants consideration of the situation from a public-health standpoint.

PASTEURELLA

Tularemia

According to Burroughs (83) grouse, sage hen, quail, and horned owl have been found naturally infected with tularemia. At least two cases of tularemia (84, 85) have occurred in man where the source of infection was attributed to pheasants dressed by the individuals. Apparently the disease does not exist or is very rare in poultry since it is not referred to in *Disease of Poultry* edited by Biester and Schwarte in 1948.

Pseudotuberculosis

Pseudotuberculosis caused by *Pasteurella pseudotuberculosis rodentium*, is a disease occurring in birds, animals, and man (86, 87). It is characterized by an acute septicemia of short duration followed by a chronic focal infection which gives rise to tubercular lesions in various organs. In fowl, outbreaks have been reported chiefly in turkeys and rarely in ducks, pigeons, and chickens causing considerable losses in the former. In man it appears to be rare but highly fatal. Meyer (88) refers to reports of 14 human cases, 11 of which terminated fatally. According to Meyer the mode of transmission is not definitely known, but it is believed that *P. pseudotuberculosis*, widely distributed in nature and disseminated through infectious excretions of affected birds or rodents, attacks susceptible animals through the digestive tract. Usually the abdominal viscera are primarily diseased. Injuries of the skin may also serve as portals of entry. Direct or indirect contact may introduce the infection into a flock of birds. Hygienic conditions and prevention of exposure to infection are the usual prophylactic procedures.

Pasteurella multocida, as the name indicates has more than one host. The many strains of this group change continuously in physiologic functions, antigenic structure, and pathogenic ability. The total range of susceptible animal species is wide including man, rodents, herbivores, fowls and possibly carnivores but each host has its characteristic limitations beyond which it rarely goes in spontaneous disease. The first bacteriologically proved human case was reported by Brugnattelli (88) in 1913. Since that time human infections with *P. multocida* are being recognized more frequently.

A review of the literature since 1930 by Schipper (90) revealed 21 bacteriologically proven cases from reports on 39 cases. Further evidence to support the occurrence of more frequent infection in man was presented by Needham (91). He isolated *P. multocida* from 11 patients of the Mayo Clinic during 1947. Later Olsen and Needham (92) reported the isolation of this organism from an additional 26 cases bringing the total to 37 cases observed at the Mayo Clinic during the period from October 1946 to July 1951. Twenty-seven of the 37 patients were either farmers or members of a farmer's family. The source of material for bacteriologic study included bronchial secretion 17, sputum 15, empyema fluid 2, abscess of frontal sinus 1, appendiceal abscess 1, and purulent drainage from joint 1. All strains from these cases were found to be sensitive to low concentrations of penicillin. Although most of the patients had bronchiectasis, the authors consider *P. multocida* a probable "secondary invader." They emphasize, however, that the isolation of animal *Pasteurella* in cases of human disease has a definite significance. In view of the relative prevalence of human infection they recommend a more thorough search be made for this organism in infected material. Neter and associates (93, 94) have observed *P. multocida* wound infections in four children following bites by or contact with animals. These investigators (95) found aureomycin superior to terramycin treatment of *P. multocida* infection in mice.

Numerous outbreaks of *Pasteurella* infection (fowl cholera) in poultry have caused considerable losses. Murray (96) states that "while man may generally

consume without harm fowls that are suffering from the disease, it is advised that their meat should under no circumstances be used as human food."

DIPHTHERIA

Although there appears to be no evidence indicating that diphtheria in poultry is of public health significance, at least one human case has been reported in which evidence pointed to chickens as the source of infection. In a study of 256 cases of human diphtheria where contact with chickens was established, Litterer (97) reported 2 instances in which fowl harbored the virulent organisms. Identical organisms were isolated from a child in the family who owned the fowls. He was able to infect chickens with cultures obtained from infected children and chickens and concluded that fowl can transmit virulent diphtheria to man. According to Huyyra and Marek (44) the "so called" fowl diphtheria or "roup" is caused by a virus and the disease is now known as the muco-membranous form of fowl pox.

VIRUS DISEASES

Eastern equine encephalitis

Eastern equine encephalitis, primarily a summer disease of equine and avian animals, is transmissible to man, in whom it is usually characterized by extensive inflammation and destruction of the central nervous system. It was first recovered from human CNS tissue by Fothergill et al (98), 1938; in the same year the first natural outbreak in birds was reported by Tyzzer, Sellers, and Bennett (99) who encountered fatal infection in ringnecked pheasants in Connecticut. Also in 1938 Fothergill et al (100) observed natural infection in pigeons in Massachusetts. Beaudette and Black (101) have reported the appearance of natural outbreaks of pheasants in New Jersey from 1938 through 1946 except in 1940 and 1941.

Davis (102) found that 6 species of *Aedes* mosquitoes were capable of transmitting the virus from infected birds to normal animals after a 9-day incubation period. Mosquitoes fed on infected birds transmitted virus to mice and birds; those fed on mice transmitted it to birds, mice and guinea pigs.

The symptoms reported in pheasants include paralysis, staggering, head drawn over back, and anorexia. Death occurred 1 or 2 days or the birds recovered slowly. The infection has been produced experimentally in chickens and turkeys. After experimental inoculation, Ten Broeck (103) and Tyzzer (104), working independently, showed that chickens may develop a viremia without visible signs of infection.

In man, children appear more susceptible. A mortality rate of 65-70 percent has been reported in the age group under 10 years.

Western and St. Louis encephalitis

The western and St. Louis types of encephalomyelitis are similar in many respects and although they are quite distinct from the eastern type, they also infect a wide range of hosts including equine animals and fowl. The extensive studies of Hammon have shown the important role that birds play in the epidemiology of these diseases. During the summer of 1941 Hammon et al. (105, 106) in the Yakima Valley, Wash., found that *Culex tarsalis* mosquitoes were infected with the viruses of Western and St. Louis equine encephalitis, and that approximately 50 percent of the chickens of the area had specific antibodies for these viruses, but no chicken epizootic had been observed. Experimental infection with both viruses produced a viremia but no signs of illness. Evidence indicates that viremia of man and horses is of short duration. Virus isolations from blood are rare. These authors also observed that *Culex tarsalis* fed predominantly on birds. Recently (107, 108) the chicken mite *Dermanyssus gallinae* has been found infected with the St. Louis and western type viruses. These findings have focused even more attention on the chicken as an important source of mosquito infection. In further studies in the Yakima Valley, Hammon (109) examined 576 sera from mammals and wild and domestic birds by the neutralization test for antibodies against both viruses. Each of the viruses were positive in approximately 50 percent of sera from domestic fowl; 17-22 percent in wild birds, and only 8 percent from wild mammals.

JAPANESE B ENCEPHALITIS

Another of the summer encephalitides, chiefly prevalent in the Far East, is characterized by varied clinical symptoms, and caused by a virus similar in many ways to that of St. Louis encephalitis. According to Hammon less certainty is felt about the source of mosquito infection in this type. Hammon et al. (110) have demonstrated virus in mosquitoes caught in Japan. Thus the virus must be available in the blood of some animal. They have been able to detect small amounts of virus in the blood of inoculated chickens. More recent studies (111) have indicated wild birds as potentially important as a source of mosquito infection.

Thus, it appears that poultry, especially chickens, may serve as an important source of infection with the Eastern, Western, and St. Louis encephalitis viruses and possibly also the Japanese B type.

NEWCASTLE DISEASE

Newcastle disease (avian pneumoencephalitis) primarily a disease of world-wide distribution in fowls was first recognized in man in 1943, by Burnet (112) who isolated the virus from a case of conjunctivitis in a laboratory worker. Subsequently, reports have appeared of virus isolation from 8 cases of conjunctivitis in man (113, 117). Anderson (113), 1946 in Australia reported 2 laboratory infections. The remaining cases were in the United States. Ingalls (115) encountered 2 cases of natural infection; one in a broiler plant operator and the other in a veterinary student. Both cases were related to recent contact with NDV infected chickens. More recently, Nelson et al. (118) have reported the occurrence of an outbreak of conjunctivitis in poultry plant workers. Of the 40 cases, virus isolation was successful in 4 of 10 acute cases. Specimens were obtained from the conjunctiva. They obtained a high SN index on specimens from employees in the plant showing no symptoms and observed that this may indicate resistance.

In a recent study on food poisoning bacteria in poultry and poultry products, Kyle, MacFadden and Gunderson (17) isolated Newcastle disease from chicken livers and spleens collected on the evisceration line of a commercial poultry processing plant in Nebraska. The relative frequency of cases of conjunctivitis occurring in workers on the evisceration lines of poultry processing plants prompted this study. These investigators (17) studied 3 additional cases of conjunctivitis in humans from which Newcastle disease virus was isolated at the University of Nebraska Hospital. All patients had dressed chickens prior to onset of symptoms.

An earlier report of an outbreak of conjunctivitis among kitchen workers handling poultry in an agricultural school in Israel was made by Yatomi (119).

It is obvious from the evidence presented that Newcastle disease of poultry is capable of infecting the mucous membrane of the human eye. Thompson (120) has observed that the high prevalence of the disease in poultry as compared with the scarcity and mildness of reported cases in man indicates that general alarm concerning human infection is not warranted. More recently, evidence obtained by several workers indicates that NDV is capable of causing systemic involvement in man. Mitchell and Walker (121) report a laboratory infection apparently acquired through the respiratory tract which produced an influenza-like attack lasting about 5 days. NDV was isolated from bronchial mucus. There was no evidence of conjunctivitis. A case of acute hemolytic anemia with autohemagglutinative vascular phenomena was reported by Moolten and Clark (122) in which NDV was isolated from the patient's blood shortly after the acute phase of illness had subsided. The isolation of the virus from 5 additional cases of human infection has been reported by Quinn, Hanson, Brown, and Brandly (123). These authors have noted the possibility of man to man transmission of the disease in view of the demonstration of virus in saliva, nasal discharge and conjunctival sac washings. In one of their cases NDV was isolated from the urine. Kyle, MacFadden and Gunderson (17) observed that due to the inherent resistance and potential adaptability of the virus, it may well become a significant public health problem.

PSITTACOSIS

Psittacosis (Ornithosis) an apparent, or more frequently an inapparent infection found in parrots, parakeets, canaries, pigeons, and many other birds is also communicable to man. The infection is caused by *Mycoplasma psittaci*, coccoid

elementary bodies intermediate between Rickettsiae and true viruses. It was formerly thought to be contracted through association with psittacine birds however, more recent reports have incriminated ducks (124), chickens (125) and turkeys (126) as the source of infection in man. Of great importance was the discovery that visibly healthy birds harbor the virus and as shedders or chronic carriers distribute the infective agent. Irons (126) has observed that the importance of common barnyard fowl in the spread of psittacosis frequently is overlooked.

According to Meyer (127), the significance of the demonstration of psittacosis virus in the organs and intestinal contents of ducks to the duck raising industry has not been assessed. He further states that there is evidence that the virus, present in approximately one-third of the bird population, occasionally infects workers on commercial farms, or persons who keep ducks as pets. In a study of the problem in ducks on Long Island, during a period when psittacosis occurred in man in the area, 38 percent of 115 ducks and ducklings on 9 different farms yielded psittacosis-like virus similar to the pigeon strain.

A recent report by Irons (126) et al. described an outbreak of psittacosis in turkey dressers in a poultry plant in Texas. There were 22 cases and 3 deaths among 78 employees of the plant. All cases had been killing, picking feathers, or wrapping heads of turkeys. Few cases had been dressing chickens. It appeared that discharges from a group of turkeys was the source of the outbreak. Clinical findings varied widely in severity of illness, from mild influenza-like attacks to fatal illness.

A recent communication from Dr. Irons stated that they have encountered a second outbreak of ornithosis in a Texas poultry and egg plant attributed to dressing turkeys for the 1952 Christmas market. In this outbreak psittacosis virus isolations were made.

Pigeons have frequently been incriminated in outbreaks in man and in some instances chickens have been involved also. A human infection was traced to a chicken in New Jersey. Four of 31 birds examined harbored psittacosis virus resembling the pigeon strain. Study of 2 other human cases attributed to pigeons revealed that the infected birds were caged over a chicken pen; pigeon-psittacosis virus was recovered from the organs of 2 of the chickens. Determination of the extent of spontaneous psittacosis in chickens depends upon the development of a simple serological test for mass examination of barnyard fowl (127). A newly devised indirect complement-fixation-inhibition (128) has improved detection of the disease in chickens.

Mandel and Jordan (129) report the demonstration of psittacosis antibodies in serums from a poultry worker with pneumonitis, in serums from other poultry workers, and in sera from fowl slaughtered in local stores.

A case of a typical pneumonia in a poultry dealer has been reported by Duncan, Thomas and Tobin (130) in England. Virus of the ornithosis type was isolated from throat washings. Ward and Birge (131) describe a case of psittacosis in the owner of a pheasant ranch. Complement fixation tests on the patient were performed by the Illinois State Department of Health. Indirect complement fixation tests on the pheasant serums were performed by Dr. K. F. Meyer.

The frequency with which psittacosis has been associated with poultry workers in recent years warrants its consideration as an occupational disease problem.

RABIES

Although fowl may be infected experimentally with the rabies virus, there is little evidence of spontaneous rabies in poultry. Remlinger and Bailey (132) reported transmission of the disease to the chicken by bites on the comb by a rabid dog. Thus it appears that chickens can, if bitten by a rabid animal, become infected and serve as a source of human infection.

FUNGUS DISEASES

Probably of less hazard to poultry workers are the mycotic infections of fowls. Those which deserve mention are aspergillosis, favus, and thrush. Although these infections are rare in man and frequently of a mild nature they do occur. Emmons (133) states that fungus diseases of poultry are of little danger to man unless there is heavy exposure and the individual has other predisposing factors.

ASPERGILLOSIS

Aspergillus fumigatus is especially pathogenic for birds and occasionally causes aspergillosis in man. The disease is common enough in domestic birds, pigeons, chickens, and ducks to be of some economic importance. In young chicks it frequently occurs in epidemic form and is known as brooder pneumonia (134). The disease may be localized or generalized but usually occurs in the lungs and air sacs.

The infection appears to be acquired following inhalation of spores from moldy grain or litter. In man observations have indicated that infection also frequently follows exposure to air carrying many spores. Infections of the external ear have been attributed to aspergillus spores. However, the recent studies of Singer, Freeman and Hardy (135) on otitis externa indicate that this fungus is of minor importance.

According to a communication from Dr. W. L. Sippel, of the Georgia Coastal Plains Experiment Station they have encountered outbreaks of aspergillosis in birds in South Georgia.

FAVUS

Favus is a type of ringworm caused by several species of the genus *Trichophyton* (*Achorion*). The agent of favus or white comb in poultry is *Trichophyton gallinae*. In his excellent review of mycotic diseases of animals Gordon (136) states that despite the numerous references to the disease in American literature, there have been only 2 instances that an organism has been cultured which could be identified as *T. gallinae* according to published reports. It has been isolated from a human infection in France (137) and on many occasions from fowl favus in Europe and South America.

THRUSH

Thrush (candidiasis, moniliasis) is another fungus infection that has caused high mortality in poultry flocks, especially young birds. It is caused by the yeast-like organism *Candida albicans*. The disease has been observed in chickens, pigeons, turkeys, pheasants and other birds, and in man. In poultry lesions are localized in the mucosa of the upper alimentary canal and appear as whitish ulcers or pseudo-membranes in the crop, and gizzard.

In man (137) *Candida albicans* may cause infections of the mucous membranes of the mouth and vagina; infections of the skin and nails; systematic infections or a mild broncho-pulmonary infection.

No reports have been found indicating transmission of the disease from infected fowl to man although this may occur.

PARASITES

Infestation with *Dermanyssus gallinae* the poultry mite frequently causes irritation and an itching dermatitis in poultrymen.

TOXOPASMA

According to Manwell et al. (138) toxoplasmosis is one of the least understood of human infections as well as one of the most recently recognized.

It is still uncertain whether birds are naturally infected with any strain of toxoplasma infective for mammals. But Manwell et al. (138) found that certain species including the duck, chicken, pigeon, canary, and wild birds are highly susceptible to experimental infection with a toxoplasma strain of human origin.

The uncertain knowledge of this disease in man and birds, for the present, obscures its significance.

It should be mentioned that Ingalls (1) has pointed out one other disease, leptospirosis, as an occupational hazard to poultry dressing plant employees, although the birds are rarely, if ever, infected.

The predominance of poultry workers among the first patients found to have leptospirosis in the Detroit area led Molner (139) to study the problem in poultry dressing plants. It was found that rats were commonly in and around the plants. By washing work tables with Ringer's Solution in the morning after exposure to the rats at night and infecting guinea pigs with the washings a clinical picture of Weil's disease was produced. No mention is made of isolation of the organism.

This probable source of infection could, however, be eliminated by adequate sanitation measures and rat control.

Some of the diseases reviewed in this report are of interest chiefly from an academic standpoint, whereas others present a definite public health problem.

Measures toward controlling the incidence of infections that man may acquire from poultry have been adequately summarized by Brandly (C. A.) 2 as follows: "It may be emphasized that suppression and eventual eradication of transmissible diseases common to birds and man require, at the onset, thorough elucidation of epizootiology together with adequate and often needed improvements in detection and diagnostic methods. These knowledges and skills supplemented by sound long-range perspectives and practices and abetted by persistent educational programs must inevitably lead to success against this costly and needless loss and waste. Now, and in the future, necessary safeguards must aim to reduce the "occupational hazards" both against established bird to man infection chains, and against the factors of contact and exposure which may favor adaptation of other infectious agents to man from birds, and vice versa. Finally, a sound and inclusive poultry inspection service based on established practices and under competent veterinary supervision must be our primary bulwark toward protecting both the health of the public and the integrity of one of our major sources of food."

Mrs. SULLIVAN. I am deeply grateful for all of the attention now being given to the serious problem of diseased and unwholesome poultry moving freely onto consumers' dinner tables in intrastate commerce. The bills now before this subcommittee, and the strong support of the administration for action in this field, are very encouraging to me, after trying for 9 or 10 years to stir interest in the problem and having the lonely feeling that no one outside of St. Louis seemed to be overly concerned, or seemed to see any effective solution for it.

It was my feeling 11 years ago that we had solved the problem by providing machinery in the Poultry Products Inspection Act of 1957 to authorize Federal inspection for wholesomeness of every pound of poultry sold in this country, including that processed and sold only within a State.

But the elaborate machinery in the 1957 act to authorize Federal inspection of the poultry processed and sold within the States has never been put to use. Up until last December, the Department of Agriculture had maintained that the "major consuming area" machinery of the 1957 act had some value in combating the problem, but on December 21 the Secretary advised me that the Department had concluded it was not a practical solution and would help me devise a new one based on the provisions of the Wholesome Meat Act of 1967.

The problem of diseased poultry in intrastate commerce is no more and no less serious now than it has been during all of the past 11 years. I am just so sorry that we have wasted 11 years without doing much about it. But the fact that there is now such widespread agreement on the need for action is, as I have said, very encouraging to me, and I hope we can promptly proceed to pass effective legislation.

THERE ARE CHANGES IN CLIMATE SINCE LAST YEAR, BUT BAD POULTRY SITUATION REMAINS

The printed hearings of this same subcommittee last year on the meat inspection bill contain many pages of documentation on the problem of bad poultry processed and sold within the same State, and on my long efforts to try to have such poultry coming into the St. Louis area from outstate Missouri made subject to compulsory Federal inspection under the 1957 law. The only thing different now from the situation when I testified before you last year are:

First, the Congress has enacted a different type of machinery for combating the equally serious problem of unfit beef, pork, lamb, and other red meats being sold in intrastate commerce;

Second, the Department of Agriculture has changed its mind about the practicability of section 5 of the Poultry Products Inspection Act of 1957 and no longer believes it can be used effectively in dealing with uninspected poultry in intrastate commerce; and

Third, the mood of the Congress and of the public has progressed to the point where the health and safety aspects of this issue of bad food in intrastate commerce are finally being recognized.

When I appeared before you on the meat inspection bills last year, I urged that we tackle the problems of bad meat and bad poultry simultaneously, applying the same solutions to both. I suggested that you investigate the usefulness of the "major consuming area" provision of the Poultry Act and if you found it workable, apply the same principle to meat inspection and then insist that the Department put this machinery to use immediately. However, I added, if you found that the Poultry Act machinery for intrastate inspection was not practical, you should recommend that Congress repeal it and replace it with a new approach for both meat and poultry—but the same approach in each case.

I have never seen any value in having separate meat inspection and poultry inspection laws. My original proposal in 1956, before we enacted the 1957 law for compulsory inspection of poultry in interstate commerce, was merely to amend the Meat Inspection Act to include poultry. Apparently, that was much too simple a solution, and we proceeded, instead, to enact a separate law just for poultry. And, then, last year, we revised the meat inspection law to get at the problem of the intrastate shipments, but did nothing about the companion problem involving unwholesome uninspected poultry.

MORE THAN A SCORE OF POULTRY DISEASES TRANSMISSIBLE TO HUMANS

Now, we are finally proceeding to a solution of the poultry problem, and, while we can take some solace in the thought "better late than never," the fact is that it is very late and lots of Americans, including children participating in the school lunch program, are the targets of at least 26 diseases which can be transmitted to man from unwholesome poultry. We have known about the dangers to humans from those diseases from poultry for at least 14 years—since I brought to the attention of Congress in 1954 reports from the Food and Drug Administration and the Public Health Service which were instrumental in achieving the passage of the 1957 law.

The Wholesome Meat Act passed last year was good legislation, in the form in which it finally became law. I congratulate all of the members of this subcommittee who took part in drafting the final version of the bill. Since the poultry problem was left untouched, however, I said at the time that I would ask the Secretary of Agriculture to prepare a draft of legislation which I could introduce this year to bring the Poultry Act into conformance with the Wholesome Meat Act as it relates to intrastate commerce. H.R. 15149 is the result of that request. Except for the title, which I changed, H.R. 15149 is exactly the same, I believe, as the bill introduced by Mr. Purcell, Mr. Dow, Mr. Smith of Iowa, and Mr. Foley, H.R. 15146. On the

other hand, I think Mr. Poage's bill, H.R. 15154, depends upon voluntary cooperation by the States, similar to the meat inspection bill originally passed by the House last year prior to the development of a much stronger bill in conference, and this would not solve the serious problem of unwholesome poultry sold only in intrastate commerce.

UNFAIR COMPETITION FROM UNINSPECTED PLANTS

A letter I received just the other day from a poultry processor in outstate Missouri comments on one aspect of this problem—the unfair competition to inspected plants from uninspected poultry sold in the State of Missouri. The letter is as follows:

FEBRUARY 12, 1968.

Representative LEONOR K. SULLIVAN,
House of Representatives,
Washington, D.C.

DEAR MRS. SULLIVAN: It is indeed a pleasure to read of your efforts concerning the federal inspection of all poultry consumed in the U.S. Having been in the broiler industry for quite a number of years in Southeast Missouri, I think I have accumulated quite a bit of knowledge of what you have been trying to get done. I have seen non-inspected poultry being sold in the St. Louis area for a number of years now and it is not only unwholesome, but creates a financial disadvantage pricewise to plants such as ours which comply with USDA standards.

We have a non-inspected plant at Cape Girardeau, Missouri, that has been selling chickens in our area not only to the public, but also to the colleges and schools as well. I believe two years is too long to allow these plants to keep supplying unwholesome products to the consumer.

Your efforts to apply the 1957 USDA law of making St. Louis area a major consuming area, should be commended and certainly not forgotten.

Again, let us offer our appreciation for your efforts.

Sincerely,

SCHOOL LUNCH PROGRAMS CAN SERVE UNINSPECTED POULTRY

When I read this letter I could not believe that schools participating in the school lunch program could be buying uninspected poultry. It just did not make sense. The poultry furnished by the Department of Agriculture under section 6 of the School Lunch Act is purchased only from federally inspected plants, but I have now learned that the schools themselves are free to purchase uninspected poultry with their own funds, or even with donated Federal funds. This is incomprehensible to me. The whole purpose of the school lunch program is to assure the children good, nutritious food. Yet here we have a situation where uninspected plants operating only in intrastate commerce can compete for the subsidized school lunch business with poultry not processed under minimum standards of sanitation or wholesomeness, and this poultry can then be comingled in the school cafeteria with the inspected poultry donated by the Department of Agriculture.

This fact alone calls for prompt action by the Congress to close the loopholes in the Poultry Act, as we did last year in the Meat Inspection Act. In the meantime, I think that this committee should join me in insisting that the schools participating in the school lunch program buy only inspected meats or poultry, pending the institution of an effective inspection system which would apply to all poultry.

St. Louis has been plagued repeatedly with bad poultry sent into our city from uninspected plants in Missouri. I am sure every city faces a similar problem. The danger of salmonella and other dread diseases getting into our food supply is real and serious. There is no excuse for this to happen in a country which can produce such an abundance of pure and wholesome food. Why should our schoolchildren be fed food which cannot pass minimum standards of wholesomeness or the consumers be deceived into buying it, not knowing it is probably unsafe?

PUBLIC HEALTH AND SAFETY ARE MAIN CONCERN

The major firms in the poultry industry recognized 11 years ago that all sales of poultry were suffering from public lack of confidence in the wholesomeness of the products. After first having opposed compulsory Federal inspection, the industry then joined me in helping to pass the 1957 act. They have never been sorry. But the processors who now comply with the Federal law are put at a great competitive disadvantage by plants operating only in intrastate commerce and thus generally free from any effective inspection or regulation, Federal or State.

Protecting legitimate industry from unfair competition is a proper function of the Congress, but there is a much more important interest involved here even than that of protecting the legitimate processor. That interest is the public health and safety.

Of course, I would be pleased and flattered if, because of my long identification with this issue and my sponsorship of the first poultry legislation introduced in the Congress, my bill, H.R. 15149, were approved by this subcommittee and by the full committee and reported to the House. But whichever bill is selected as the vehicle for House action, the important thing is that we pass the legislation as soon as possible. After the required waiting period of 2 years, we can then begin to have effective protection of consumers in every State from the dangers to our health and safety represented by more than a billion pounds of poultry being sold each year which you and I would never consent to eat if we knew that it had not been inspected by the Federal Government or by State inspection programs at least comparable to the Federal inspection procedures. We are eating such poultry now without realizing it, particularly when we travel. And the children are eating it in the schools. How can we tolerate that?

Mr. STUBBLEFIELD. Thank you.

Are there any questions?

Mr. FOLEY. I should like to compliment Mrs. Sullivan for her good work in developing this legislation. She has been working with Mr. Smith, both of whom are pioneers in this field, which is closely related to consumer-protection activities, generally.

I should like to ask you this question: Did you have an opportunity to hear Mr. Smith's proposed amendments to the poultry legislation?

Mrs. SULLIVAN. No, I am sorry, I did not.

Mr. FOLEY. Thank you. I have nothing further, Mr. Chairman.

I want, again, to congratulate you on a very fine statement. I agree with you fully, that the threat to schoolchildren constitutes a shocking

situation. There should be some legislation to prevent this threat, especially where Federal assistance funds are used to buy unwholesome or uninspected poultry.

Mr. STUBBLEFIELD. Mr. Poage, any questions?

Mr. POAGE. No questions.

Mr. STUBBLEFIELD. Mr. Dole, any questions?

Mr. DOLE. No.

Mr. STUBBLEFIELD. Mr. Zwach?

Mr. ZWACH. No questions.

Mr. STUBBLEFIELD. Mr. Kleppe?

Mr. KLEPPE. No questions.

Mr. STUBBLEFIELD. Thank you, again.

The next witness will be Dr. George L. Mehren, Assistant Secretary of Agriculture on behalf of the U.S. Department of Agriculture.

We will be glad to hear from you now.

**STATEMENT OF DR. GEORGE L. MEHREN, ASSISTANT SECRETARY;
ACCOMPANIED BY DR. ROBERT K. SOMERS, DEPUTY ADMINISTRATOR,
CONSUMER PROTECTION, CONSUMER AND MARKETING
SERVICE; AND CHARLES W. BUCY, ASSISTANT GENERAL COUNSEL,
U.S. DEPARTMENT OF AGRICULTURE**

Dr. MEHREN. Mr. Chairman and members of the subcommittee.

I have here with me Mr. Charles W. Bucy, who is Assistant General Counsel, and Dr. Robert K. Somers, Deputy Administrator, Consumer Protection, Consumer and Marketing Service.

I am here today to urge favorable action by this committee on H.R. 15146, a proposal to amend the Poultry Products Inspection Act. This bill is similar to the Wholesome Meat Act which was recently approved by the Congress and became law on December 15, 1967. It has the full support of this Department.

This and other proposals are designed to strengthen the ability of Federal and State Governments to protect the Nation's consumers * * * and to provide an environment where the poultry processing industry will continue to flourish, and the poultry producer will have a strong market for healthy birds. Poultry processing today is an industry with nearly \$3 billion in annual gross sales * * * and, in turn, it provides nearly \$2 billion a year to American farmers.

The availability of these markets for American poultry—the prosperity and potential for the American food industry—are all built on one primary foundation—the continued confidence of the consumer in the integrity of our poultry supply.

Thus, we must make every effort to assure that the poultry that the consumer buys for her family is safe and wholesome. This guarantee today is generally taken for granted. We believe, however, that the poultry inspection program must be strengthened.

Eleven years ago Congress passed legislation establishing a Federal inspection system for poultry and poultry products processed by plants shipping in interstate and foreign commerce and in designated "major consuming areas." This legislation is known as the Poultry Products Inspection Act. The inspection system developed under that act is a good one. It has served us well. It has come to be recognized

as a model for the world. It is a system which warrants the confidence of the consumer, because it assures that birds or poultry products carrying its mark are wholesome, unadulterated, and honestly labeled.

Yet, this legislation does not provide complete assurance that consumers have access to wholesome poultry because not all poultry sold is inspected adequately, or at all.

The proposed bill would not replace the Poultry Products Inspection Act but would amend it to:

Authorize cooperative arrangements with State and local authorities, through which the Federal Government could help develop trained staffs and provide financial assistance to encourage effective State poultry inspection programs under State administration or in cooperation with the Federal Government. The States would have 2 years to implement a poultry inspection system at least equal to the Federal program. An additional year to implement the program would be granted if the Secretary had reason to believe that the State would activate the requirements within this time.

Provide after specified procedures for the extension of the Federal inspection and other requirements to intrastate activities after the specified periods if the States are not enforcing requirements at least equal to the Federal requirements.

Provide under specified conditions for the application of the Federal requirements at any time to particular establishments processing poultry products solely for intrastate commerce if they produce adulterated products which clearly endanger the public health.

Permit poultry processed under State inspection systems which are at least equal to the Federal program to be shipped in interstate commerce with a combined State-Federal official inspection legend.

The Poultry Products Inspection Act requires Federal inspection of all plants shipping poultry or poultry products in interstate or foreign commerce or in designated major consuming areas. About 87 percent of the poultry sold off farms is inspected under the act. The remaining 13 percent is prepared by plants shipping solely within a State. This amounts to over 1.6 billion pounds of poultry slaughtered without Federal inspection.

The provision for the designation of major consumer areas—a provision which was intended to provide inspection to certain intrastate operators has been ineffective. Since passage of the law, no areas have been designated. Several problems are involved: (1) the Secretary may not himself initiate action for designation but such action must be originated by a State or a local official or an agency or a local industry group in such an area, and (2) the Secretary must find that the volume of noninspected poultry and poultry products is such as to burden the movement of inspected poultry products in "commerce," as defined in the act.

We had two "near misses" in requests for designation of an area. A request was made to designate the entire State of Georgia but since the act did not contemplate this type of designation, the request was subsequently withdrawn. A request was made to designate the city of St. Louis as a major consuming area on the basis that noninspected poultry was obstructing the movement of inspected poultry in interstate commerce. Newspaper publicity on the request resulted in a "drying up" of noninspected poultry in the St. Louis area.

While there are now 12 States with mandatory inspection laws, only four States have active programs. Most poultry moving in intrastate commerce receives little or no inspection. Yet there is always the possibility that this product is intermingled in retail stores with federally inspected products for sale to the public. Even in the States with active inspection programs, the type of coverage is not the same as that provided under Federal inspection. For example, in California the inspectors are plant employees licensed by State officials to inspect poultry. In some instances plant managers are licensed. In some cases plants receive veterinary supervision only once a week or even less frequently. In North Carolina, the inspectors are State employees under veterinary supervision. The North Carolina law covers intercounty shipments. Non-Federal plants in the State shipping across county lines must have North Carolina inspection.

Five States provide for poultry inspection on a voluntary basis but information available to us indicates that very little use is made of this service. Most of the remaining 33 States have general food laws covering all food processing and food preparation establishments. These laws provide for the sanitary inspection of facilities, equipment, and processes, and prohibit the adulteration and misbranding of products. With respect to poultry, they do not provide for continuous inspection and post-mortem examination of each poultry carcass—the basic foundation for poultry inspection protection.

The effectiveness of State programs depends upon the resources available to carry out these programs. Recently, a number of States have taken action to initiate inspection programs or improve existing programs. In the past several years about a half dozen States have passed new poultry legislation; two additional States will have mandatory inspection legislation within the next 12 months and about eight States are considering legislation.

These efforts of the States to insure the wholesomeness of poultry products must receive the cooperation and assistance of the Federal Government if this Nation is to achieve adequate overall protection of the consumer—the immediate benefit of greater prosperity for the industry and the consumer. Without a coordinated network of Federal and State inspection programs, the health of the consumer cannot be protected adequately, nor will continued confidence in our poultry supply be assured or merited.

In order to prevent the movement in commerce of unwholesome or otherwise adulterated poultry, the amendments to the act would provide authority for surveillance over specified types of collateral operations where adulteration of our poultry supply could occur—operations such as cold storage warehouses, jobbers, wholesalers, and others. Also included under surveillance programs would be dealers in adulterated poultry capable of, but not intended for use as human food.

The amendments would:

Authorize regulation of storage and handling of poultry products by those engaged in the freezing, storing or distributing of poultry products in or for commerce, or importing poultry products.

Clarify the application of the inspection provisions to poultry and poultry products capable of use as human food and requiring denatur-

ing or adequate identification of poultry carcasses or parts or products thereof for distribution in commerce for purposes other than use as human food.

Require recordkeeping requirements for persons engaged in the business of processing poultry products for human or animal food, renderers, handlers of dead, dying, diseased or disabled poultry, and others engaged in the business of buying, selling, transporting, storing, freezing or packaging poultry products in or for commerce or importing poultry products.

Require persons engaged in business—in or for commerce—such as poultry products brokers, renderers, animal food manufacturers, wholesalers, and public warehousemen, as well as persons engaged in buying, selling, or transporting in commerce, or importing dead, dying, disabled or diseased poultry or poultry products to be registered with the Secretary, when required by his regulations.

Authorize regulation of the distribution in commerce or the importation of dead, dying, disabled, or diseased poultry and parts of their carcasses.

Provide authority over the classes of operators described above who do not engage in business in or for commerce, when it is determined after consultations with an appropriate State advisory committee that the State does not have or is not exercising at least equal authority with respect to records, registration and distribution of dead, dying, disabled, and diseased poultry and parts of their carcasses.

Provide authority for USDA to seize or detain poultry or poultry products in violation of the act when such products are in transit or in storage outside of federally inspected establishments.

There has been a need for some time for more adequate tools of enforcement to checkmate the occasional unscrupulous operator who seeks to pollute the Nation's poultry supply with unwholesome or otherwise adulterated products. There is a potential—in the absence of more positive preventive measures—for dealers of unwholesome and adulterated poultry, renderers, animal food handlers, and others to divert unfit poultry into human food channels. The result could pose a public health hazard and destroy the confidence of consumers in the safety of our poultry supply.

As of now, we do not even have the authority to seize or detain poultry which we know is unfit for human consumption when it is outside of a federally inspected plant. USDA inspectors have no authority to intercept parcels of unwholesome or suspected products in transit or in storage. Their only recourse is to prevail upon State, local, or other Federal agencies to impound or seize goods outside of federally inspected plants. Surveillance over the collateral-type operations such as cold storage warehouses, wholesalers, jobbers, and so forth, is necessary to detect adulteration caused by mishandling, exposure to heat, inadequate freezing, adulteration by water or other substances, damage in transit, or other causes.

The additional authority to inspect poultry and poultry products outside of federally inspected plants and the authority to seize or detain such products which are found to be adulterated would reduce the possibility of consumers receiving unfit poultry to a minimum.

Under the proposal the Secretary would be given expanded authority to insure the proper labeling of poultry and poultry products and prevent the misbranding of such products.

The amendments would provide for:

Authority to prescribe the style and type used for required labeling.

Standards of fill for containers.

Regulation to prevent the use of deceptive containers.

States would be precluded from imposing additional or different labeling or packing or ingredient requirements for federally inspected products.

Both industry and consumers would benefit from these changes—greater uniformity of labeling requirements—elimination of opportunities for fraud and deceit—as a result these proposals—would greatly enhance the marketing of poultry and poultry products.

The bill authorizes denial of applications for Federal inspection to persons who, by their past actions, have demonstrated that they are unfit to engage in a business requiring a high degree of public responsibility. Such persons would include those convicted in any Federal or State court within the previous 10 years of (1) any felony or more than one misdemeanor under any law based upon the handling or distributing of adulterated, mislabeled, or deceptively packaged food, or fraud in connection with transactions in food, or (2) any felony, involving fraud, bribery, extortion, or any other act or circumstances indicating a lack of integrity needed for the conduct of operations affecting the public health. The Secretary would have the authority to deny inspection to such persons. However, provisions would be included for administrative hearings and judicial review to protect the rights of the affected persons.

The bill would make other changes of a housekeeping nature, and enhance coordination between the USDA's Consumer and Marketing Service and the Food and Drug Administration of the U.S. Department of Health, Education, and Welfare in making full, cooperative use of their respective powers to protect the consumer.

The bill would provide for punishment of anyone who assaults an inspector while in the performance of official duties. This is necessary to carry out an efficient inspection program. Inspectors must not have their safety placed in jeopardy.

Before I summarize the provisions I will take a moment to acquaint you with a recent study of inspected and noninspected poultry.

In January, poultry inspection personnel visited retail outlets to make carcass examinations of inspected and noninspected poultry. The study of inspected poultry was made in 34 stores in 16 States. There were 470 samples examined consisting of 447 whole poultry carcasses and 23 tray-packed carcasses displayed in cutup form. The primary inspection responsibility is to remove from food channels all carcasses or parts of a carcass which are unwholesome. The errors noted on the federally inspected product concerned ready-to-cook factors rather than errors which would render the carcass unwholesome. For example, feathers on a hock or a heart missing from the giblet pack would be recorded as an error in ready-to-cook factors. This would not affect the wholesomeness of the product to the point of being dangerous to the consumer's health. There were no lesions of disease observed. On the other hand, 316 samples of noninspected car-

casses were examined in 37 outlets in the same 16 States where inspected poultry was checked. The samples consisted of 286 whole poultry carcasses and 20 tray-packed carcasses in cutup form. Only 18 percent of the noninspected carcasses appeared satisfactory following gross examination. One out of five should have been condemned as unwholesome. Errors found in the noninspected product but not in the inspected product were gross lesions of disease, septicemia, or toxemia which is symptomatic of disease, failure to remove infectious processes, and contamination of the body cavity with stomach contents or fecal material. Laboratory analyses conducted on both federally inspected and nonfederally inspected products revealed a higher level of bacterial contamination on nonfederally inspected products than on federally inspected products.

In summation, the original Poultry Products Inspection Act requires amendments to effectively regulate the modern, aggressive industry as we know it today and envision it in the future. The role of the States is not sufficiently recognized in the existing legislation to encourage their effective contributions to a viable network of coordinated programs. Strengthening of the national poultry inspection program is urgently needed.

The consumer must be able to buy her poultry products with confidence in their wholesomeness. More important, they must in fact be wholesome and honestly packed and labeled. The prosperity of the poultry processing industry and our Nation's poultry producers is greatly dependent upon this confidence being maintained and supported by effective regulation and inspection of the production of all poultry products to prevent adulteration and misbranding.

Our responsibility, therefore, is to insure that both Federal and State governments are provided with the necessary tools and resources to fulfill their responsibilities to protect the consumer in the manner she expects and demands. The proposals before this committee will accomplish this purpose.

My colleagues and I will be happy to respond to any questions you have.

Mr. STUBBLEFIELD. Thank you, Dr. Mehren.

Are there any questions?

Mr. FOLEY. Mr. Secretary, I have some questions. I should like to refer to the matter of the report.

That report was made in January of 1968?

Dr. MEHREN. Yes.

Mr. FOLEY. And does it specifically detail the various aspects of poultry-inspection systems that were considered satisfactory or wholesome?

Dr. MEHREN. Yes.

Mr. FOLEY. Is there any reason that report should not be included in this record?

Dr. MEHREN. Not to my knowledge, except it is not finished.

Mr. FOLEY. It is available?

Dr. MEHREN. It will be available, as soon as finished.

Mr. FOLEY. I should like to ask that the report described by the Assistant Secretary be included in the record of the hearings this morning.

Mr. POAGE. Mr. Chairman?

Mr. STUBBLEFIELD. Yes.

Mr. POAGE. I hope that this is not what the gentleman wants to do. When you say "include this in the record," that means printing it in the record. I think that we pay about \$100 or \$200 a page to print these records. And you have to pay for that. When you simply include it in the files of the committee, you have it available to the members of the committee. I have no objection whatever to making it available to the members of the committee, I think it should be, but to go to the unnecessary expense of printing it a second time seems to me to be something that I at least would want to protest.

Mr. FOLEY. With all due respect to the distinguished chairman of the full committee, most of our hearings include testimony—including that of private enterprise groups—that is sometimes repetitious of other testimony. What I would like to see is that the poultry inspection report be made available in the record for the committee and for the general public. If the chairman is opposed to it, of course, I would accede to the chairman's wishes in the matter. But it seems to me that the poultry report should be made available to the public through the committee. It cannot be so available if it is not in the record of the hearing.

Mr. POAGE. How long is the report?

Dr. MEHREN. It is not a very long report. I have the summary material ready.

Mr. POAGE. It is not very long?

Dr. MEHREN. The covering material would be about four pages for the federally inspected plants and about four pages, single spaced, for the nonfederally inspected plants, but those are summation pages.

Mr. POAGE. I would not have any objection to a report of not more than four typed pages, but to print one of those long reports, I would object. We have had this up many times in the full committee. Where people bring in something that is already an official document of the U.S. Government and ask to have it printed in the record, it seems to me to be an unnecessary expense and seems to me it is perfectly useless. The matter is already available. But if this is a matter of merely a summation, some four or five pages, there would be no objection to that on my part.

Mr. FOLEY. Would the gentleman yield?

The report is not finished yet, you say?

Dr. MEHREN. It is not finished yet.

Mr. FOLEY. It is not printed?

Dr. MEHREN. No, it is not; but it will be, it will be very shortly. There is no objection, on our part, to publishing all of it.

Mr. STUBBLEFIELD. Without objection, the report will be included in the record.

Mr. DOLE. The report or the summary?

Mr. STUBBLEFIELD. The summary will be included in the record.

Mr. FOLEY. The eight pages that you mentioned?

Dr. MEHREN. Roughly, eight pages.

(The summary referred to follows:)

SUMMARY OF NONINSPECTED POULTRY CARCASS EXAMINATION

On January 3 and January 17, 1968, Poultry Inspection Personnel visited retail outlets located in 16 different States for the purpose of examining noninspected poultry carcasses for condition. During these visits, 37 different market places were visited as follows:

State:	<i>Outlets visited</i>	<i>Birds observed</i>
Alabama -----	4	10
California -----	3	39
Georgia -----	1	2
Illinois -----	1	15
Indiana -----	1	1
Louisiana -----	6	54
Maryland -----	3	12
Mississippi -----	2	13
Missouri -----	6	100
North Carolina -----	1	3
Nebraska -----	1	(¹)
Ohio -----	1	10
Pennsylvania -----	3	22
Tennessee -----	1	1
South Carolina -----	2	20
Washington -----	1	24
Total -----	37	316

¹ Unknown.

The 316 samples examined consisted of 286 whole poultry carcasses and 30 tray-packed carcasses displayed in cut-up form. Eighteen percent appeared satisfactory following gross examination. A total of 491 errors were found on the remaining 259 samples. The defects rendering the carcasses not ready-to-cook and the number of each observed on the carcasses are listed on the attached sheet.

Defect:	<i>Number observed</i>
Feathers and hair on carcass -----	102
Oil glands, in whole or in part, not removed -----	67
Hearts and livers not properly trimmed or separated and bile sac not trimmed away -----	54
Dirty gizzards with lining, intact, not ready to cook -----	49
Lungs not removed from cavity -----	33
Trachea and esophagus in necks -----	28
Testicles not removed from cavity -----	27
Body cavity contaminated with stomach contents, etc. ¹ -----	18
Obvious fecal contamination in body cavity ¹ -----	15
Contamination on skin -----	14
Piece of intestine left in body cavity -----	12
Ovaries not removed from cavity -----	12
Obvious infectious process not removed ¹ -----	9
Breast blisters not removed -----	9
Leukosis lesions (disease) ¹ -----	8
Septicemia or toxemia (disease symptom) ¹ -----	8
Bruises on carcass -----	7
Crops not removed -----	7
Shanks cut too long, below hock joint -----	6
Airsacculitis lesions in air sacs (disease) ¹ -----	5
Broken bones protruding through tissues -----	1
Total -----	491

¹ 20 percent of the carcasses observed would have been rejected as unwholesome under Federal inspection, because of disease and contamination defects. (This percentage is approximate.)

SUMMARY OF INSPECTED POULTRY CARCASS EXAMINATION

On January 22 and January 23, 1968, Poultry Inspection personnel visited retail outlets located in 16 different States for the purpose of examining inspected poultry carcasses for condition. During these visits, 34 different marketplaces were visited as follows.

State:	Outlets visited	Birds observed
Alabama -----	2	8
California -----	3	49
Georgia -----	1	2
Illinois -----	1	15
Indiana -----	1	1
Louisiana -----	5	116
Maryland -----	3	50
Mississippi -----	2	13
Missouri -----	5	135
North Carolina -----	1	3
Nebraska -----	1	6
Ohio -----	1	10
Pennsylvania -----	3	17
South Carolina -----	2	20
Tennessee -----	1	1
Washington -----	2	24
Total -----	34	470

The 470 samples examined consisted of 447 whole poultry carcasses and 23 tray-packed carcasses displayed in cut-up form. The defects rendering the carcasses not ready-to-cook and the numbers of each defect observed on the carcasses are listed on the attached sheet.

Defect:	Number observed
Feathers and hair on carcass ¹ -----	40
Short or excess giblets ¹ -----	29
Dirty gizzards or with small portion of lining ¹ -----	9
Bruises on carcass -----	7
Oil glands, whole or part not removed -----	3
Contamination on skin -----	3
Lungs not removed from cavity -----	2
Trachea and esophagus in necks -----	2
Breast blisters not removed -----	1
Crops not removed -----	1
Hearts and livers not properly trimmed or separated -----	1
Total -----	98

¹ Account for 79.6 percent of defects.

The Federally inspected carcasses were found to be wholesome; the defects observed related to "ready-to-cook" factors, and the birds should have been returned for reprocessing. Poultry Inspection field offices have been alerted to these defects and instructed to take necessary steps to eliminate them.

Mr. FOLEY. I should like to ask if you have had an opportunity to hear the testimony of Mr. Smith this morning?

Dr. MEHREN. I did, sir.

Mr. FOLEY. And the recommendations that he made to the subcommittee regarding amendments to the legislation which Mr. Purcell and I and others have introduced.

Kindly refer to his testimony if you have a copy of it.

Dr. MEHREN. No; I do not.

Mr. FOLEY. Will the staff provide Dr. Mehren with a copy of it?

Dr. MEHREN. I do have a summary, where I took some notes.

Mr. FOLEY. On page 2 of Mr. Smith's testimony he recommends that an amendment be added on page 19, line 18, to insert after "thereafter," the words "but at least annually."

Dr. MEHREN. Yes.

Mr. FOLEY. We seek an annual reporting on poultry-inspection operations throughout the United States. Does the Department have any objection to that amendment?

Dr. MEHREN. If this were to be added by the Congress, the Department would have no objection.

Mr. FOLEY. Referring now to page 3. The second amendment recommended by Mr. Smith is to strike the proposed authority granted in section 5(c)5. Mr. Smith noted in his testimony that this provision resulted from a recommendation made by some State directors of agriculture. Do you have any knowledge as to whether that is, in fact, the case?

Dr. MEHREN. I have no knowledge that this was suggested by the State secretaries of agriculture. I do know that it was suggested by the Department of Agriculture, and the Department would support the retention of this provision. In saying this, I would note that these provisions require efficient supervision of facilities, operations, processes, training, technical services at least equal to those under the Federal program, if Federal-State marking were to be used. Again, there is no possibility under the present wording, in my judgment, Mr. Foley, to have uninspected or poultry inspected at levels lower than those prevailing in the Federal Government to become involved in interstate commerce.

Mr. FOLEY. Would it not be possible under section 5(c)5, for federally inspected operations to reject or discontinue Federal inspection and accept State inspection and continue to ship their products across State lines? And we would have the Federal inspection moving in interstate commerce?

Dr. MEHREN. If there were cooperation that would require that the State components thereof in all respects be at least equal to the Federal system in order to obtain a joint Federal-State cooperation.

Mr. FOLEY. This could, in fact, result in the replacement of all Federal inspection in any State?

Dr. MEHREN. That is conceivably possible. I think it is a remote possibility, as if they were to wither away and be replaced by the State system, which, again, is at least equal. I do not think that any such result would be generated. That I doubt, but this is a possibility.

Mr. FOLEY. It would require the presence of Federal supervision in State plants?

Dr. MEHREN. No, not at the plant. We do have, and have had for many decades, many cooperative Federal-State programs in which, in essence, joint programs are used so long as the standard procedures are equivalent to those of the Federal system. We support participation by the States on a cooperative or other basis.

Mr. FOLEY. I understand that.

Dr. MEHREN. It's their responsibility as well as ours.

Mr. FOLEY. I understand that. I just want to establish the fact that the act does not require any periodic certification by the United States?

Dr. MEHREN. The act provides that the Secretary may designate or redesignate—it provides for examination, reexamination, and back to the collaboration with the State; where the Secretary defined any State's operation within any State's system had fallen below the level of at least equal to that of the Federal system, he could designate it again. And there is that explicit provision in the statute for the Secretary to redesignate States which have fallen below such.

Mr. FOLEY. There is nothing in the act that requires any periodic examination of the State's certification by the Secretary of Agriculture after he first certifies it—even after 10 years. Is that not true?

Dr. MEHREN. I believe that is true, but I also think that under the authorization provision, which is quite ample, it seems to me that a responsible Secretary would regularly appraise or evaluate through his advisory people the degree which States were complying with the statute, the execution of which is the responsibility of the Secretary of Agriculture.

Mr. FOLEY. I am glad that you have that authority.

I now refer to the present Secretary of Agriculture. We have just received a report from the Secretary regarding the meat situation in the District of Columbia. From it, we infer that the Secretary did not bother to check these places much more than once every 6 months and sometimes once every year. I think that the present Secretary is a responsible official, and I am not going to charge him with dereliction of duty because of that situation.

What I am concerned about is that the Department has recommended a proposal, Dr. Mehren, which would allow the States to take over the Federal poultry inspection program without any guarantee that the Secretary be required on a periodic basis to redesignate or to recertify.

Dr. MEHREN. Perhaps I do not understand your question, but it is my understanding from the statute that the Secretary would carry a continuing obligation to assure that the activities under a State system were at least equal to the Federal system. If what you are saying is that you would like to have a mandatory provision that once a year, once every 2 years or some other number of years, the Secretary shall, in fact, so certify, I agree that this is not there, but I repeat that it is our understanding, in the Department, that under the present language of this bill, the Secretary would have the continuing obligation to assure that the law was met.

Mr. FOLEY. That is not my concern. My concern is that under this provision section 5(c)5 may provide the means whereby the integrity of the Federal poultry inspection service may wither away and be taken over by the State system. That is my concern. And I ask you why does the recommendation come before us today, when it was not made for meat inspection?

Dr. MEHREN. I cannot agree with your statement that this, necessarily, would wither away. It is a responsibility of the State and ultimately it can be within the capacity of the State to participate directly in the protection of the health of their own consumers. And this is the unequivocal and explicit position of the Department; otherwise, we cannot cooperate with the States.

So far as withering away, I will agree that this, as I said, is a remote possibility, but the grading system is cooperative, and it has not

withered away; the shipping-point inspection has not withered away; the crop reporting system has not withered away. There are dozens and dozens of joint programs that remain quite healthy with Federal-State collaboration.

Mr. FOLEY. I do not object to State-Federal cooperation. But you have gone beyond that in this bill—proposing to make State inspection sufficient for plants shipping across State lines. That is my concern. I should like to know from you again why this was not recommended in the Meat Inspection Act. This is the first time it has been recommended here for food inspection.

Dr. MEHREN. I really do not know why it was not specifically recommended in the Meat Inspection Act. I would assume it could be done under the so-called Red Meat Inspection Act. I would note that there is a provision for regulation incentives by the Secretary with respect to this proposed bill, as well as others.

Mr. FOLEY. It cannot now be done under the Red Meat Inspection Act without an amendment by the Congress. Do you concur in my judgment?

Dr. MEHREN. We could act cooperatively. I had better let the General Counsel answer that, however.

Mr. BUCY. There is no comparable provision under the Red Meat Act. Under this proposal, it does provide that when they are marketed under such supervision and conditions as the Secretary may by regulation prescribe. So, it does contemplate that he would prescribe these conditions or extra conditions.

Mr. FOLEY. This is a new provision. In the Wholesome Meat Act of 1967, it was not proposed. That is correct, is it not?

Mr. BUCY. That is correct.

Mrs. MAY. Will you yield there?

Mr. FOLEY. Yes.

Mrs. MAY. Is it not true that there will be such an amendment recommended by the U.S. Department of Agriculture to the Meat Act? That will be sent to this committee—is that not true?

Mr. BUCY. I think that the Assistant Secretary will have to state as to the recommendations. I will call attention to the fact that on imported products, we allow them to move if the inspection system of the country has been approved and is, at least, equal to our system. I think that the Assistant Secretary can answer the question.

Dr. MEHREN. To my knowledge, Mrs. May, three cooperative agreements are presently being formulated for the effectuation of the 2-year provision here which would, in effect, have a joint Federal-State basis. I would agree with Mr. Foley that, again, to my knowledge, this is the first explicit provision we have put in here. I say that with reservations. Because, as the General Counsel has stated, we do attach this to imports. We always have. And, again, if the State System is equal to the Federal standard, why should not the State be given the authority to move interstate shipments just as we do with foreign countries?

Mr. FOLEY. I have one or two more questions.

Are you familiar with the recommendations of the National Association of State Departments of Agriculture as they relate to this recommendation?

Dr. MEHREN. No, I am not; not personally.

They may have well done so, but you asked if I am aware of it, and my answer is "No."

Mr. FOLEY. Are you aware that they have taken that position?

Dr. MEHREN. No, I am not, sir.

Mr. FOLEY. Have you had any communications from the National Association of State Departments of Agriculture regarding this subject?

Dr. MEHREN. I have had very little, personally. Dr. Somers has been handling this. Perhaps he can respond to the question.

Dr. SOMERS. I believe that the association sent a wire to the Secretary making this recommendation.

Mr. FOLEY. Is that before the incorporation of this in the act by the Department?

Dr. SOMERS. I cannot answer that for sure. I think it might have been about the same time.

Mr. FOLEY. I will ask you specifically: Do you have any knowledge of whether this section was incorporated at the request of the National Association of State Departments of Agriculture?

Dr. SOMERS. I do not know.

Dr. MEHREN. I will say again that this is a provision that is explicitly supported by the Department. In short, we want Federal-State inspection.

Mr. FOLEY. Thank you.

Mr. STUBBLEFIELD. Mr. Dole?

Mr. DOLE. I have a couple of questions.

On pages 10 and 11, you talk about meat inspection and that Federal inspection is 100-percent effective. Am I to read it that way?

Dr. MEHREN. No, nor did my statement say so. There were no gross lesions. There was no danger to health. There were instances in which there was not a heart in the giblets.

Mr. DOLE. That had nothing to do with the wholesomeness of it?

Dr. MEHREN. No. We found nothing unwholesome in the retail examination of federally inspected products.

Mr. DOLE. Your statement, in effect, is that Federal inspection is 100-percent effective?

Dr. MEHREN. On the basis that it is ample that there is no evidence of lesions, no evidence of anything unwholesome to the consumer. I have some of those notations. Oil glands not fully removed, hearts and livers not properly trimmed, feathers and hair on carcasses. That is the biggest one of all: one of the biggest deficiencies in the Federal inspection is feathers and hairs on carcasses, which means our inspectors slipped. Then, the next biggest one was with regard to giblets. Those together were 69 out of the 98 deficiencies found on Federal inspection.

Mr. DOLE. If I understand you, it does not affect the wholesomeness?

Dr. MEHREN. No. We are quite reassured by our findings.

Mr. DOLE. Under the act—and we are talking now about any poultry inspection act—you are referring to poultry as what?

Dr. MEHREN. You have to define poultry, which is away from the way it has been defined before. Currently, we define poultry to include—I will have to find it here. The term poultry means any domesticated bird whether live or dead. The old one was that poultry means any live or slaughtered domesticated bird.

That is merely an editorial change. We did change the term poultry product which is now any product made wholly or in part from any poultry carcass or part thereof. ✓

So that is the change.

And it takes in a lot of significant change in the definition by the adding of capable of consumption rather than intended for consumption. This is the critically important change in the definition.

Mr. DOLE. This would not include the wild ducks?

Dr. MEHREN. No, only domesticated.

Mr. DOLE. And nothing about doves and hawks?

Dr. MEHREN. No.

[Laughter.]

Mr. DOLE. Also, on page 11, you indicate that a national inspection program is urgently needed.

Has it been needed for the last few weeks, or has it been needed for several years?

Dr. MEHREN. By national, I mean the poultry inspection programs, both State and Federal, at all levels prevailing throughout the United States. Certainly, it has been needed for a long time, because the information we have indicates that about 13 percent of the products is not inspected or is inadequately inspected. That is the simple meaning of that statement.

Mr. DOLE. Have there been recommendations during this time by you or others in your department to strengthen the act?

Dr. MEHREN. We have been discussing this in the Department for 5 years, to my knowledge.

Mr. DOLE. Has any legislation come forth from those discussions?

Dr. MEHREN. We were aware of the amount of poultry products in each instance not adequately inspected or not inspected at all.

Mr. DOLE. When did you first introduce legislation with respect to this, that is, recommended legislation?

Dr. MEHREN. In 1957, the Poultry Products Inspection Act was effectuated. In 1967, we drafted the present bill before you.

Mr. DOLE. This is the first public indication, at least, that it was needed?

Dr. MEHREN. Yes, insofar as public interest can be manifested by the introduction of a proposal.

Mr. DOLE. In these 10 years have there been studies that indicated that maybe 5 years ago it was necessary?

Dr. MEHREN. Not to my knowledge. I do not know of any, Mr. Dole. They have been aware of it in the regulatory areas.

Mr. DOLE. But they did not do anything about it?

Dr. MEHREN. Not externally, no.

Mr. DOLE. And then there is reference in Mrs. Sullivan's statement to the fact that there are at least more than a score of poultry diseases that are transmittable to humans. Secondly, that uninspected poultry is being used in the school lunch programs. Do you have any actual figures where schoolchildren have been caused illness because of uninspected poultry?

Dr. MEHREN. There have been, to my knowledge, salmonellosis which have been traced to poultry, but they have been traced to other things, too. And in all likelihood could have been generated by unsanitary handling practices thereafter.

Mr. DOLE. Do you have any chronological data on this?

Dr. MEHREN. Well, in conjunction with other departments of Government, we keep a continuing inventory record with the Communicable Disease Center at Atlanta, Ga., which relates to all difficulties associated with foods. You cannot say that it is insufficient handling or noninspection.

With respect to the school lunch matter to which you have just alluded and to which Congresswoman Leonor Sullivan did, I have been advised that we buy only federally inspected poultry for the school lunch program, but it is true that Federal funds contributed to the States for school lunch programs can be used by the schools to buy nonfederally inspected poultry if they so desire, just as they could use their own funds to do this. This is the fact. That does not mean necessarily that they buy uninspected poultry. It merely means that there is no legal authority in the Department to require that such funds be expended only on inspected products.

Mr. DOLE. The only point I am making is: Has there been any evidence of any widespread illness, or do you have any reasonable knowledge of any illnesses caused by uninspected poultry?

I would assume that your agency, and perhaps other departments have made some effort to go into this, to stop any further such practices?

Dr. MEHREN. We do know that there are 25, 30, or more diseases of poultry which can be transmitted to human beings, and I think that medical knowledge is sufficient for us to consider this an important item.

Mr. DOLE. Thank you.

That is all, Mr. Chairman.

Mr. STUBBLEFIELD. Mr. Poage.

Mr. POAGE. Mr. Chairman, I think that Dr. Mehren should have the opportunity perhaps to give us their version of the reports on State inspected plants which took place in July, particularly in Arizona. You are familiar, I am sure, Dr. Mehren, with this report of inspections which the Department ordered—allegedly to try to drag up some horrors, something that they could present to the Congress that would attract public attention, in order to pass the Senate bill in preference to the House bill. It has been charged that in order to do this, inspectors were ordered to bring in reports of poor work on the part of the States. There were charges that reports came in that in certain State-inspected plants there were dirty wooden chopping blocks, whereas, as a matter of fact, there were none like that in the building—several reports of that kind.

Dr. MEHREN. Yes.

Mr. POAGE. I am making no contention that those charges are correct. I don't know, but I think that you should have some opportunity to express the viewpoint of the Department on this and give us some assurance that this new report will not be of the nature attributed to the reports heretofore made.

Mr. FOLEY. Will you yield?

Mr. POAGE. Yes. I will yield, although I think that the Department should have an opportunity to make their explanation.

Mr. FOLEY. You do not want to leave the impression with reference to—

Mr. POAGE. I did not try to leave any impression as to what the facts are. I think that the Department should have an opportunity to point out and to refute any incorrect news reports. I am simply trying to give that opportunity. I am not making any charge. I do know that charges have been made. They are a matter of public record. They have been printed all over the United States. I had supposed that the Department would take notice of them, but they apparently have not, and I think it would be proper that some notice be taken of it. I am not making any charges that this is correct, but I feel that they should have an opportunity to explain.

Dr. MEHREN. Shall I do so?

Mr. STUBBLEFIELD. Mr. Chairman, we are running short of time. Could this be postponed until the full committee hearing?

Dr. MEHREN. I shall be happy to respond.

Mr. POAGE. I realize that we are running short of time. I think that he should have the opportunity to explain this, because if you take the statement, on its face, why, it is, in effect, a charge that the Department is thoroughly dishonest with us and that the red meat bill was passed by misrepresentation. I am not charging that that is true. I think that the Department should have an opportunity to explain that.

Mr. STUBBLEFIELD. The witness will proceed then.

Dr. MEHREN. There was no chicanery, no deceit involved, in the July survey. Our people were instructed to go to these plants, look at them, and to report back their findings, basically, in terms of the degree in which these operations, these facilities, those associated with them conformed to the Federal standards. They were told to go in without notice, they were told to go in and were not required to communicate with the State or the local people. They were told to go in during normal business hours. They were told under no circumstances to force entry. They were advised not to go in if any objections were made to their going in.

With respect to the allegations in Arizona, Colorado, and a few other places, the evaluation of the compliance units of the Meat Inspection Division—we have done some followup and have quite carefully and with reasonable level of detachment appraised the allegations made against them. Generally, the substance of all our reports was reaffirmed. There were errors in dates. There were various types of other nonsubstantive errors, but, basically, the conclusions reached and reported by our people to the Consumer and Marketing Service were essentially that which the original report indicated.

Secondly, it is true that the reports were, as the phrase is put, edited. I personally have read the handwritten reports of the inspectors. I have read the type reports which were given to the Consumer and Marketing Service after editing. With no exception, could I observe there were any substantive editing. Grammar was corrected, if necessary; sentences were completed, if necessary; conjecture was eliminated, and any references to future plans for changing authorities, operations, et cetera, were deleted, since they were assigned to determine what the facts rather than what was intended to be done

about facts in the future. So, I would say this, I know this to be true, there was no blackmail to my knowledge—nobody in the Department was ever told to find something wrong. Nobody was ever told, to my knowledge at any rate, that we would use a smear procedure here. It was our intention to find out as best we could through a staff survey the degree which these plants, to which reference was made by the chairman, did or did not conform to Federal standards. And the materials reported were essentially correct in every essential detail.

Now, Dr. Somers, who has a far closer relationship with this activity than I, is here, and if there is anything that I have said that is not accurate or anything that I should have said that I did not say, I will ask Dr. Somers to respond to the chairman, also.

Dr. SOMERS. I agree with what Dr. Mehren has said.

Mr. FOLEY. On what basis were the plants selected?

Dr. SOMERS. The men were told to look at 10 plants in the States. No further instructions on checks in the plants were given. They were just to select 10 plants.

Mr. POAGE. What were they told to do?

Dr. SOMERS. They were told to look at sanitary and other conditions in each plant to see how they conformed to what the Federal standards were.

Mr. POAGE. At anytime they wanted to?

Dr. SOMERS. Yes.

Mrs. MAY. Will you yield?

Mr. POAGE. Yes.

Mrs. MAY. Dr. Somers, you were quoted in one of these articles to which the chairman has referred as saying—I believe you were supposed to have made this statement last week—that if you had to do it over again, you would do it differently, as you had only given the inspectors 1 week to report. Is that a correct quote?

Dr. MEHREN. Yes.

Mrs. MAY. You might comment on that in connection with what the chairman has asked you to respond to and how you might have done it differently.

Dr. MEHREN. Dr. Somers will answer.

Dr. SOMERS. I would have liked to have had more time to give instructions to the inspectors, more time to consider ways in which the plants might have been identified, rather than in this way. We gave them no instructions on which plants to visit—just to visit a certain number of plants, and we gave them only a matter of hours in which to do it.

Mr. FOLEY. Will you yield?

Mr. POAGE. Yes, sir.

Mr. FOLEY. In order to make this clear, Is it your testimony that the allegations as to misrepresentation for the purpose of inducing the Congress to pass a Wholesome Meat Act included in the article under the byline of one Joe Western in the National Observer are, in fact, false?

Dr. MEHREN. Any such allegation is false.

Mr. FOLEY. And that the Department's unequivocal testimony is that the inspections performed by the Meat Inspection Service at the request of officials in the Department reflected, to the best of their ability, conditions existing in the plants?

Dr. MEHREN. I say, again, that the follow-up activities we have taken substantiate in essence all major attributes that came to us in the reports.

Mr. FOLEY. To the best of your knowledge, those reports reflected the conditions in the noninspected plants in the States involved?

Dr. MEHREN. Yes, sir.

Mr. FOLEY. Thank you.

Mr. POAGE. In your statement, Dr. Somers, you say that your reports were correct but Dr. Mehren states that they were edited.

Mr. FOLEY. Mr. Chairman—

Mr. POAGE. Just a minute now. The reports stated that Mr. Bonilla noted that a certain meat packing company at Phoenix, had built a new kill floor; that a moving chain should be operating soon. But this evidence of improvement and modernization which cost the company about \$500,000 does not show up in the Washington version.

Now, Dr. Mehren said, "Yes, we took that out, because it had not been done."

And I think that is fair as a statement, certainly, as to the moving chain that should be operating soon. They, in fact, had already built a new kill floor. Had they not built the new kill floor?

Dr. MEHREN. I responded to a question, may I say, from Mr. Foley. The question was: Were there any allegations by Joe Western or anybody else that the Department indulged in conscience blackmail, smears, distortion, falsehoods—were such statements false? And my answer was: Yes, they are false. This is not relevant to Joe's article or to Joe or to any other individual or as to any other statement. My answer was restricted, exclusively restricted, to the question asked by Mr. Foley.

Mr. POAGE. That is right.

Dr. MEHREN. I do not say that Joe was in any measure false.

Mr. POAGE. I am finding no fault with what you just said, except I was trying to find out when the Doctor says that this article is categorically false—I cannot believe that that is true. There is certainly room for explanation, which I think should be made. And that leads me to go to the question of this Colorado packing plant about which there were claims that it was in a bad shape, and that it had been closed for 18 months.

Is that a false statement?

Dr. SOMERS. I do not know the answer to that. That plant was not closed at the time of the visit.

Mr. POAGE. It was not closed?

Dr. SOMERS. Yes.

Mr. POAGE. Then, that would mean that this is categorically false? That is what it would mean, would it not, if it was not closed and they say in so many words that the plant had been closed for at least 18 months? Is it closed now? If they misstate that and it was open—

Dr. SOMERS. It was not closed at the time we were there.

Mr. POAGE. It was not closed at the time of the review?

Dr. SOMERS. It might have been closed previous to that, or it might have been closed after that, but it was not closed at that time.

Mr. POAGE. Is it a fair statement to say that that statement is false, then?

Dr. MEHREN. Or in error.

Mr. POAGE. Or—what?

Dr. MEHREN. Or in error. I do not like to imply that Mr. Western is stating falsely.

Mr. POAGE. This was in 1967, in July—the 15th day of July—Is that the answer.

Dr. SOMERS. Yes.

Mr. POAGE. This occurred on that date?

Dr. SOMERS. Yes.

Mr. POAGE. Thank you.

That is all. Thank you, Mr. Chairman.

Mr. STUBBLEFIELD. Are there any further questions?

Mrs. MAY. I think that it might be a good idea, since we have had some discussion on this, that we place in the record copies of these articles. I do not have them, but they should be inserted in this hearing record so references to statements can be understood.

Mr. POAGE. I raised that point earlier.

Mr. FOLEY. I still want the reports to go in. These reports concern the Wholesome Meat Act and do not treat of the Wholesome Poultry Products Act.

Mrs. MAY. I think that since the question has been raised on the whole subject of Federal inspection they are relevant.

Mr. FOLEY. If you are going to include all of the articles——

Mrs. MAY. How many are there?

Mr. POAGE. I have only two.

Mr. FOLEY. I would suggest that it might be better for the subcommittee to place these articles in the record and to hear the detailed testimony of Mr. Western and others. The Department of Agriculture might like to testify and thrash the whole matter out in public hearings.

Mrs. MAY. I believe that for clarification of this hearing record, these two articles should be put in the record so that it makes sense to anyone reading the colloquy between the Assistant Secretary, Dr. Somers, and the chairman, and I would move so on that basis.

Mr. FOLEY. I would offer an amendment to the motion.

Mr. STUBBLEFIELD. You are out of order. This meeting is concerning the Poultry Act.

Mrs. MAY. But as I pointed out, Mr. Stubblefield, this has already come up in our discussion of the subject of Federal inspection. I think anyone reading the record would be confused without being able to refer to the news stories. That is why I move that they be included. It seems to me that we are making references here to an important subject. Mr. Poage has given the Department a chance to answer the allegations, the allegations he is talking about. I thought that it would be necessary for clarification to read the allegations. I still believe that we ought to put these articles in the record at the proper point. I do not know what the rest of the subcommittee feels about this.

Mr. ZWACH. I withdraw my second.

Mr. FOLEY. I note that the Chair has ruled that the basic motion is out of order.

Mr. ZWACH. The amendment, you ruled out of order?

Mr. STUBBLEFIELD. The amendment has been ruled out of order.

Mr. KLEPPE. I just want to say in connection with the germaneness of this motion which Mrs. May made, the very first statement that Dr.

Mehren made in his testimony was that the subject that we are discussing is similar to the Wholesome Meat Act, and this is what the articles referred to. And I wonder if on that basis it is not very germane to the subject involved and why it is not fair to have these articles included in the record at this point?

I just wanted to get my opportunity to speak before you made your ruling.

I call attention to the similarity of the questions involved.

Mr. STUBBLEFIELD. May I just state that the Chair understands the subject matter. I do not think it needs further clarification. I think that the question Mr. Poage raised clarified the subject matter.

(The two articles referred to follow:)

[From the National Observer, Jan. 29, 1968]

U.S. INSPECTORS FUDGED FACTS TO PASS MEAT LAW—THEY TOLD HORROR STORIES TO EMBARRASS STATES; DEMAND FOR AN INQUIRY

(By Joe Western)

President Johnson adjusted his glasses and read these words taken from a Federal inspector's report. ". . . Beef was being broken on an open dock, by a dirt road, in 95-degree weather. There were flies in the meat. Drums of bones and meat scraps were covered with maggots."

Thereafter, to the applause of his audience, Mr. Johnson signed the new Federal meat-inspection law.

No one thought at the time to wonder if the conditions described by the President were accurate. The National Observer, however, has been doing some checking. And from this checking comes this conclusion:

The conditions cited by the President may have been a fabrication. State officials are convinced that the report cited by the President is at least misleading and perhaps wholly false, and the evidence they offer is convincing. Moreover, the incident is not an isolated one. Federal officials told horror stories about conditions in dozens of meat plants that are inspected by state—as against Federal—employees. Many of these stories are equally questionable.

A CONGRESSIONAL INQUIRY?

State officials argue, often convincingly, that the Administration, or its agents, made up these stories to convince Congress of the need for the new meat-inspection law that Mr. Johnson signed on Dec. 15. Questions about those horror stories are now being raised by influential officials, and the upshot could be a congressional inquiry.

No one suggests that Mr. Johnson knowingly read a false report. On the contrary, it is almost a certainty that he never even saw the report until minutes before he read it. But somewhere along the administrative line, state officials imply, the word went out to get evidence—any evidence.

In Washington, key officials at the Department of Agriculture insisted last week that the Federal inspectors reported a true picture of what they had seen in meat-packing and processing plants not subject to Federal inspection. There are about 15,000 of these plants; they come under state control because they are not engaged in interstate commerce. These 15,000 plants slaughter about 15 per cent of the nation's red meat and process about 25 per cent of it.

"WE WILL FIND OUT"

"If any Federal personnel have acted improperly," declares a high-ranking Agriculture Department official, "we will find it out and take proper legal or disciplinary action." However, the officials declined to confirm or deny whether the department's inspector-general is looking into the complaints of the state officials.

Not content with Federal assurances, some state officials are busy pulling together an enormous collection of reports, letters, depositions, and other documents. This week, the executive board of the National Association of State

Departments of Agriculture (NASDA) will sift this material to see whether they'll seek that congressional inquiry.

Among the documents will be statements branding the particular report the President read from as an outright lie. It was excerpted from an inspector's report identified in the Congressional Record as referring to "Plant No. 2" in Colorado. John P. Orcutt, Colorado's commissioner of agriculture, discovered from Federal documents that Plant No. 2 is the Davis Meat Co., a one-story processing plant in Pueblo, Colo. He said the dock is located adjacent to a paved street—not a dirt road.

AN ARMY SUPPLIER

The owner of the plant, Mr. Orcutt says, flatly denies there's any truth in the Federal inspector's report. "This plant has been regularly inspected and approved by U.S. Army veterinarians since 1963," he said. "It has also been under Colorado state inspection since July 1."

The commissioner says he has a letter from the plant's owner that includes these statements: "Beef is not broken (cut up) on our dock and never has been. If this so-called inspector saw any meat scraps or bones in drums, he must be a contortionist, as our bone barrels are stored bottom side up." Anyway, says Mr. Orcutt, the plant owner insists the Federal inspector never entered the processing area of the plant and so he couldn't have seen the barrels in use.

Mr. Orcutt says that Federal inspectors made reports on 13 Colorado meat plants. Of these, says Mr. Orcutt, five were erroneous.

He points to one report that seems especially erroneous. That was a report about conditions at the Vernon T. Kister slaughtering plant in Springfield, Colo. The Federal inspector wrote: "Plant had very poor drainage. Sanitary conditions were deplorable, and the place could be smelled long before you got near it. Rats, roaches, and flies have the run of the place. Killing floor was being hosed down with cold water, and there was no sterilizing equipment for contaminated tools."

This report was included among others that were put together on Aug. 21, 1967. But, say Colorado officials, the plant had been closed for at least 18 months before the time the report was presumably written. A photograph that accompanied this story shows the plant closed down and musty with disuse.

The Federal inspector who made these two disputed reports is Joseph J. Barrett of Denver. "There was a mixup and a misunderstanding about the dates as to when inspections were made," Mr. Barrett concedes, "but the facts reported were true at the time of the inspections." He said that the Springfield plant actually was inspected in November 1966, a full year before his findings were published in the Congressional Record.

"THE RECENT PAST"

"I was told by my superiors it was all right to include plants I had inspected in the recent past in the report we were told to make in July," he said.

As to the Davis Meat Co. anonymously referred to in Mr. Johnson's speech, Inspector Barrett insists he visited the plant in July and accurately recorded all that he observed.

In Oklahoma, state veterinarians in August checked plants visited by Federal inspectors in July. James N. Ballinger, president of the State Board of Agriculture, has written fellow state officials that "... there were exaggerations as well as some outright false statements. I feel these deceptive reports have been damaging to the livestock and packing industries in the state of Oklahoma. I also feel that possibly a congressional investigation would be in order."

Reports written by Federal and state inspectors in Oklahoma are often sharply at variance. Some samples:

From the Federal report: "In the processing room I noted that they were adding pork hearts to their ground-beef patties." From the state report: "[The Federal inspector] observed pork hearts in the processing room, but this department was not operating during the time he visited the plant."

CONFLICTING REPORTS

From another Federal report: "The walls and ceilings were peeling paint." From the state report: "Ceilings are baked-on enamel or galvanized and do not have any paint on them."

From a Federal report: "This plant has no holding pens for livestock." From the state report: "Holding pens are enclosed by outside brick walls under a roof and connected as part of the main building."

From another Federal report: "Review of the plant was revolting. Stagnant water stood in bloody puddles all over the place. The walls were covered with grime, grease, and mold. . . . A butcher was boning out a beef round which had sour bone and the meat near the bone was greenish color." From the state report: "The walls are not covered with grime, grease, and mold. Beef carcasses are adequately inspected. . . . This is a custom house primarily with a rapid turnover of product and the likelihood of a beef round with a sour bone with greenish colored meat is so remote that the statements of the employes denying this should be accepted for true."

'UNNECESSARILY CRITICAL'

In Michigan, state officials, struggling to put a newly enacted mandatory state meat-inspection law into effect, bristled over Federal criticism of the state's efforts. "I feel," wrote one state official to B. Dale Ball, state director of agriculture, "[the Federal] report is unnecessarily critical of a new program. . . . [The Federal inspector] criticized the slaughterhouses in Niles for using lime in the dehairing operation. . . . We contacted the Federal meat-inspection office in Detroit and they told us that they allowed the use of lime."

Florida state officials are angry not only because they believe Federal inspectors' reports were used to give a false impression of conditions in the meat industry, but that they used deception to persuade Florida inspectors to assist in the Federal inspections.

Florida's agriculture commissioner, Doyle Conner, has written officials in other states that out of a dozen plants hurriedly visited by the Federal agents, only two spots were unfavorable. ". . . No specific or detailed charge is made in either," Mr. Conner has written, "but insinuations and innuendoes of bad conditions are included. It now appears that these were lifted out of context and used by newspaper columnists and others to support a shotgun charge that all Florida meat plants are filthy unless Federally inspected. . . ."

To win state permission to enter certain plants, Federal agents first promised not to send any of their reports to Washington, D.C., Mr. Conner wrote. After the inspections, however, "it was admitted . . . that the reports were destined for Washington," he continues. "These same Federal officials, while conceding that Florida's meat inspection was good, were gathering deceptive reports to aid the passage of a meat bill. Worse yet, these same deceptive reports were released for publication to slander us and to destroy the public confidence we have spent many years in building. . . ."

PROTESTS FROM MISSOURI

In Kansas, Food and Drug Director Evan Wright, charged with administering his state's meat-inspection laws, accuses the Federal inspectors of forcing their way illegally into some Kansas plants. "The whole condemnation [of state meat-inspection systems] is based on evidence produced by Federal inspectors entering plants which they have no authority to enter or inspect for the single purpose of supporting the [Agriculture] department's plans to Federalize all meat inspection," Mr. Wright contends.

In Missouri, Vincent T. Foley, food-section chief of the Kansas City health department, protested to Federal officials that newspaper stories unjustly accused certain meat plants in the city of being insanitary and for saying that one was "well known" for purchases of cancer-eyed and other distressed cattle. Mr. Foley said that in both instances the Federal inspector didn't go through key areas of the plants. What's more, he said the plant accused of buying diseased cattle bought all its animals from the Federally regulated Kansas City, Mo., stockyards.

'DEPARTMENT NEVER ADVISED'

Mr. Foley complained that despite his efforts to obtain copies of the Federal inspection reports, "this department was never advised by the U.S. Department of Agriculture of any insanitary conditions allegedly existing in Kansas City meat plants. Apparently USDA is interested in smear publicity rather than correcting insanitary conditions."

And in California, Earl Coke, state director of agriculture, reacted angrily to Federal officials' testimony in congressional hearings on the meat-inspection bill. This testimony includes this statement: "In our opinion, California state meat-inspection personnel, do a very creditable job considering inadequate laws, insufficient personnel and money. No real progress has been made since 1963."

Mr. Coke fired off a telegram to U.S. Agriculture Secretary Freeman that reads: "We believe you are aware that California's meat-inspection program is equal to that of the Federal Government and in some respect has stricter requirements. We strongly object to current testimony by your department that tends to overlook or contradict that fact. . . ."

"We question the propriety of using a secret survey of unidentified state-inspected meat plants as evidence without submitting a similar report on Federally inspected plants for comparison. With your concurrence, we would be glad to have our state inspectors provide such a report."

One of the angriest state officials is Phil Campbell, Georgia's commissioner of agriculture. He insists that U.S. Agriculture Department officials tried to intimidate him to keep him from testifying before the Senate subcommittee that held hearings in November on the proposed meat-inspection bill.

In telegrams sent to newspapers and members of Congress on Nov. 22, Mr. Campbell said: "Many times prior to my testimony before the Senate Committee, . . . I and many other commissioners of agriculture over the United States received long-distance telephone calls from personnel of the U.S. Department of Agriculture threatening us with a smear campaign and stating that things would get very nasty if we testified (against the Administration bill). . . . Within two days after my testimony on Nov. 15, Federal personnel of the USDA Meat Inspection staff in Atlanta received orders to find something wrong in non-Federally inspected Georgia plants. I presume they are now making an effort to follow these orders."

TIMING WAS COINCIDENTAL

And indeed Mr. Campbell is at least technically correct, although Federal officials say the timing was coincidental. He did testify on the bill on Nov. 15. And on Nov. 17, a memorandum from an Agriculture Department regional office was sent to O. H. Graham, officer in charge of Atlanta-based Federal meat inspectors. The memo said in part:

"Senator Walter F. Mondale of Minnesota has asked that an additional survey be made on state-inspected plants in certain states. Georgia is one of these states. . . ."

The memorandum went on to instruct Mr. Graham to seek state officials' cooperation and permission to make the inspection. "As close to 10 plants as possible are to be checked," the memo continues. ". . . The officer-in-charge's final report . . . is to be sent to [the regional office]. A copy is to be given to the state liaison representative. No other copy is to be made. No copy is to be kept by the officer in charge. This is top priority and should be done as soon as possible."

[From the National Observer, Feb. 12, 1968]

A FEDERAL GHOST DOCTOR REPORT ON MEAT PLANTS—BUT "SCARE CAMPAIGN" DENIED; WHIRLING WITH MR. BONILLA IN ARIZONA

(BY JOE WESTERN)

Betty Furness, President Johnson's special assistant for consumer affairs and Ralph Nader the safety consultant have both come here in recent months to deplore Arizona's standards for inspecting meat.

Both Miss Furness and Mr. Nader, it now turns out, may have been duped by questionable and possibly even fraudulent reports written about conditions in Arizona by a Federal meat inspector and a ghost writer in Washington.

They're not the only ones to have been influenced by such reports, which provided the impetus for legislation giving the Federal Government increased authority over state meat-packing and processing operations. When President Johnson signed the new Federal meat-inspection law last Dec. 15, he himself cited the need for the law by quoting from another inspector's report that has been challenged for its authenticity and accuracy. [The National Observer, Jan. 29, 1968].

HORROR STORIES

These reports generally accepted as factual by persons unfamiliar with the method and manner in which the information was obtained, told horror stories about conditions in some of the 15,000 meat plants not subject to Federal inspection. State officials responsible for the plants were surprised, skeptical, and then outraged by some of the stories, which they charge were fabricated or distorted to prod Congress into passing the new law.

Angry blasts came from such states as Colorado, Oklahoma, Michigan, Florida, Kansas, Missouri, California, and Georgia. Not the least pained were officials here in Arizona, which was singled out for especially stinging criticism. The state meat-inspection law, now 12 years old, is actually patterned after Federal legislation in every essential. And officials here insist the law has been rigorously enforced.

"DEMAND THE SURVEY"

That, however was not the message delivered here by Mr. Nader or Miss Furness.

During a visit in September, Mr. Nader, in television appearances and in newspaper interviews, said: ". . . Arizona ranks among the worst states in the U.S. Department of Agriculture [meat-plant] survey released this July. . . . Write Assistant Secretary George Mehren of the U.S. Department of Agriculture in Washington, D.C. Demand the survey. . . ."

The disclosure that a "survey" of the state's meat-packing industry had been made was news to startled state officials. Until then, they were unaware that a survey or any sort of investigation had been made by Federal authorities. Dr. L. N. Butler, state veterinarian, who supervises enforcement of the state meat-inspection law, therefore followed Mr. Nader's suggestion, wrote to Washington, and in due time received a neatly typed report of the survey.

While Dr. Butler and his aides were trying to check out criticized plants—which was difficult since specific plants were not identified in the report—Miss Furness came to town to address a meeting of the Arizona Consumers Council. In her speech she declared:

"Last July [Federal inspectors] went through 15 non-Federally inspected meat plants in this state and they found dirty walls, soiled cloths, clogged drains, and unsanitary hooks, tables, and racks.

"Well," she went on, "I can't tell you what to do in your own state, but I can suggest that all of us are entitled to clean and wholesome meat. The amendments to the Meat Inspection Act now before Congress are a step in the right direction—they would give Federal assistance to state inspection on a voluntary basis—but this isn't going far enough. I, for one, am for mandatory meat inspection. And I shall continue to ask Congress for it until we get it! . . ."

Legally, Arizona's meat-inspection system is "voluntary" in that meat packers theoretically may choose not to be inspected. Actually, since nearly all cities and counties in the state require meat retailers to sell only inspected meat, Dr. Butler says that "at least 99 percent" of all meat sold in Arizona is examined by state or Federal inspectors.

A PUZZLING SURVEY

Dr. Butler and Dr. Kenneth McLeod, chief veterinary meat inspector, were baffled by the whole affair. Precisely who had made the survey? Which of the state's 40 meat-packing and processing plants had been inspected? How had the alleged inspections been carried out, since no one recalled meeting any inspectors?

The survey from Washington provided only one clue: All the 15 neatly typed inspection reports had the same date—July 31, 1967. Dr. Butler and Dr. McLeod questioned their staffers and found that on that date a Federal inspector named W. F. Bonilla from Los Angeles had accompanied a state meat inspector on his rounds, which included delivering pay checks to state inspectors in Phoenix area plants.

Mr. Bonilla, from the U.S. Agriculture Department's field office in Los Angeles, is well known to Arizona officials because they have worked with him many times on meat-law violation cases involving both Federal and state laws. So the state inspector Edo Renken, saw nothing unusual in having Mr. Bonilla accompany him. "He just said he wanted to see where these plants were located," Mr. Renken says. "Nothing was said at any time to me or to plant managers to suggest he was making an inspection."

Still in the dark about which plants Mr. Bonilla had criticized in his reports, the Arizonans managed through acquaintances in a U.S. Department of Agriculture (USDA) field office to get copies of the Federal inspector's handwritten reports on each plant. These clearly identified the meat companies he had reported on.

The more Dr. Butler and Dr. McLeod studied the reports and circumstances of the inspections, the angrier they became. It appeared to them that Mr. Bonilla hadn't bothered to tell anybody he was making inspections and had entered the private plants without the permission of the owners or managers.

Before the meat bill was signed into law on Dec. 15, Federal inspectors had no jurisdiction over state-inspected packing plants. Federal authority to make inspections applied only to meat packers who sell their products in interstate commerce. So Mr. Bonilla might legally have been denied access to the plants last July, if the owners chose to. Under the new law, Federal inspectors now have the power to inspect all meat-packing and processing establishments.

It also appeared that Mr. Bonilla hadn't made any notes during what the state employe, Mr. Renken, said had been a whirlwind tour of 11 meat plants in one day. At least one report may have been a fabrication; Mr. Renken says Mr. Bonilla stayed in the car while he, Mr. Renken, entered the plant.

When Dr. Butler and Dr. McLeod tried to match the Washington typewritten version with what Mr. Bonilla had written by hand, considerable editing was obvious. Some complimentary comments Mr. Bonilla had made had been eliminated. Other revisions made Mr. Bonilla's report sound more critical than it really was. Samples:

The words "in fair shape," referring to conditions of buildings, were eliminated in reports covering Tempe Meat Packing Co., Inc., of Tempe and O.K. Meat Packing Co., Inc., of Phoenix.

Mr. Bonilla noted that the Herseth Meat Packing Co. of Phoenix had "built a new kill floor; moving chain should be operating soon." But this evidence of improvement and modernization—which cost the company about \$500,000—does not show up in the Washington version.

DELETED COMMENTS

The Washington version of Mr. Bonilla's report also neglected to include these favorable comments: "Since the subject report in 1963," Mr. Bonilla wrote, referring to a previous Federal check of Arizona plants, "the State of Arizona meat-inspection program has shown much improvement. In (1963) Arizona adopted regulations relating to the contents of processed meats and meat-food products. In 1965 Arizona also adopted regulations governing the control of 4-D animals." Four-D animals are dead, dying, diseased, and disabled animals.

In both versions of the reports, Mr. Bonilla's criticisms of some of the plants conflict with views of other Federal meat inspectors. This conflict stems from Federal law that permits state-inspected meat to be graded as to quality by Federal graders if the plant meets strict Federal sanitation standards.

Five plants Mr. Bonilla criticized as having poor sanitation were in fact on the approved list for Federal grading. And one, Tempe Meat Packing Co., had been approved for Federal grading just a few hours before Mr. Bonilla visited the plant.

Washington editing made it appear that Herseth Meat Packing Co. was under suspension from Federal meat-grading privileges when in fact Mr. Bonilla had correctly written that: "USDA grading service was withdrawn from this plant for a short period of time due to its sanitation and method of handling product." The edited version changed this to read: "USDA grading service was *recently* withdrawn from this plant . . ." Actually, grading service had been restored to Herseth on May 25 and the company was still on the approved list last week when The National Observer checked the plant.

A SURPRISE VISIT

At the Swift & Co. processing plant, superintendent Leroy Norman was angered by Mr. Bonilla's visit and subsequent criticism. "I never knew a Federal inspector was in the plant until I saw him leaving with the state inspector," Mr. Norman says. "He didn't ask permission to come in."

Mr. Bonilla's report on the Swift plant reads: "Building new, facilities are inadequate. Working area crowded, wooden tables, sanitation poor throughout this area as well as on equipment. Smoke house area is cluttered with storage of

boxes, paper, bags, etc. Overall sanitation could be greatly improved. No sterilizers in working area."

When The National Observer checked this plant last week, only plastic-topped steel tables were in use, and Mr. Norman said that last wooden tables had been discarded nearly six months before Mr. Bonilla's visit. Meat inspectors frown on using wooden tables because knives and cleavers soon cut grooves in the surfaces, which become hard to clean.

Last week, this reporter went through the Swift plant and found the workrooms both spacious and spic-and-span, with some 40 employees scattered throughout. There was no clutter.

"I KNEW THE CONDITIONS THERE"

Nevertheless, Mr. Bonilla insists his reports accurately recorded conditions he observed in the various plants. While he declines to comment on other matters, he concedes he stayed in the car and didn't enter one plant that his report later criticized. "I had been in the plant a week earlier and so I knew the conditions there," he says.

But Mr. Bonilla's report is dated July 31. Moreover, the plant's owner, Sherman Stone, of Stone & Randall Meat Packing Co. of Mesa, Ariz., doubts whether Mr. Bonilla has ever been in his plant. "I wouldn't have known it if he had entered my retail meat shop," Mr. Stone says. "That's open to the public. But if he had been in the slaughtering and processing area, I would have known it because all the unfair publicity in the newspapers about filthy meat had made me very sensitive about strangers poking around. I don't know Mr. Bonilla and wouldn't know him if I saw him now."

Yet the Federal inspector reported: "The building is fairly old. Facilities are not the best nor the procedures. Sanitation could stand some improvement. Plant odor." Washington's version was spruced up to read: "Facilities are not adequate nor are the meat handling procedures. Sanitation needs to be improved. The plant was malodorous."

When checked last week by The National Observer, and Arizona's Dr. McLeod, the plant appeared clean and tidy. The only odor was one that is characteristic of a supermarket's meat department. The company slaughters 60 to 70 cattle and about 100 hogs per week.

A LETTER TO WASHINGTON

After Dr. Butler and Dr. McLeod had painstakingly checked the plants and the Federal inspector's reports, they wrote to Dr. Robert Somers, deputy administrator of the USDA's Consumers and Marketing Service, which handles Federal meat-inspection activities.

"This letter is to inform you and your staff about the unfair and unwarranted poor publicity given to the meat inspection in this state . . ." After listing five specific instances of alleged inaccuracies and omissions in the Federal inspector's reports, the letter concluded: "I could tell about many unsanitary conditions noted in Federal plants; in fact, most that are noted in the various state plants' reports have also occurred under USDA inspection as you are well aware." Dr. McLeod signed the letter.

When the letter was not acknowledged after a month of waiting, Arizona's Live Stock Sanitary Board, the state agency responsible for state meat inspection, wrote an even stronger letter to Washington.

After again listing complaints about the inspection, this second letter stated: "Tactics such as these indicate that Mr. Bonilla had his instructions to give Arizona state-inspected meat plants a failing grade regardless of what he found.

"This unlawful invasion of private property by a Federal agency, and the use of this false report in public by prominent people, under Federal orders to conduct a scare campaign in order to create the impression that only Federally inspected meats are safe for human consumption, is disgraceful and petty. . . .

"The Live Stock Sanitary Board of Arizona requests an investigation and expects some explanation from your office concerning this unlawful and biased inspection. . . ."

"SCARE CAMPAIGN" DENIED

On Nov. 29, Dr. Somers replied with a long letter. He assured the Arizonans the inspection was made without malice. "Neither was it for the purpose of conducting a scare campaign to discredit your meat inspection system. This survey was intended solely to factually report conditions as observed in the 183 plants in 40 states which were visited. This it did. . . ."

Dr. Somers explained that Congress had been holding hearings on the proposed new meat-inspection legislation. A House subcommittee studied results of a Federal survey of state-inspected plants made in 1962 and asked USDA officials if conditions had changed since then. "We could not answer," Dr. Somers wrote, "and were requested to obtain the information. Mr. Bonilla conducted that part of the survey which was done in your state. He was one of about 30 persons assigned to this job nationwide. . . . None of these men was instructed to be other than factual and objective. . . . We have no reason to believe that any of these reports were, as you described, inaccurate and biased.

"Neither do we consider that this survey was unwarranted or that it constituted unlawful invasion of private property. To our knowledge, none of the visits were made contrary to the wishes of plant ownership. . . . Disregarding the fact that we were requested to make this survey, we believe the findings alone indicate that the survey was warranted. . . ."

Whether the survey was "warranted" or not skirts the key issue in the dispute: Whether, in fact, the findings are true and accurately portray conditions in state-inspected plants. If they are not, as state officials maintain—and accumulating evidence at least raises large doubts—then the validity of such surveys in the future is suspect.

This is important because the new meat law requires periodic surveys of non-Federally inspected plants. Even now, Federal inspectors are out gathering information to justify passage of President Johnson's proposed poultry inspection law. Still other surveys are sure to be made to help generate support for the Administration's drive for more legislation to "protect" consumers.

Important technical sections of the new law, the Wholesome Meat Act of 1967, become effective this week. Essentially, it requires the states to make meat-inspection laws and enforcement at least equal to Federal standards within two years or face Federal takeover of state systems. It also grants new police powers to the Agriculture Secretary to enforce the law. The 15,000 plants that could be affected are under state control because they do not ship products across state boundaries; they slaughter 15 per cent of the nation's red meat animals.

At a meeting in West Palm Beach, Fla., last week, the executive board of the National Association of State Departments of Agriculture called on the Administration to support emergency legislation aimed at easing problems posed for processors by the new law. The group also is investigating allegedly abusive tactics by Federal inspectors during the July survey of state-inspected meat plants.

Chagrined by the reaction to his office's survey, Dr. Somers acknowledged last week:

"If we had to do it over again, we certainly would have done it a lot differently. We gave the inspectors only a week to make their surveys and report."

Mr. KLEPPE. May I ask a further question of the witness?

Mr. STUBBLEFIELD. Yes.

Mr. KLEPPE. I would like to ask you, Dr. Mehren, if I may, some questions.

From the standpoint of the general provisions of this legislation, where would you briefly say there is dissimilarity between 15146 and the Wholesome Meat Act which was passed last year?

Dr. MEHREN. I would agree that there was a conscious effort in drafting H.R. 15146, essentially, to parallel the Wholesome Meat Act of 1967.

Mr. KLEPPE. From the effectiveness of the time standpoint, is it primarily the same from the standpoint of the penal provisions, primarily the same, or would you or could you give an estimate of the cost of this legislation so far as the Department's estimates are concerned?

Dr. MEHREN. We submitted to the Speaker of the House and the Vice President, in our regular transmittal letters, as we are always required to do, our cost estimate, and at such transmittal times these

are estimates. We said in our transmittal letter to the Speaker and the Vice President that the additional Federal costs that would be incurred if the proposed legislation were enacted would be approximately \$5 million for the first full year of operation, and would be about \$10 million when all 50 States are cooperating. These costs are based on the assumption that the States will cooperate and pay 50 percent of the estimated total cost of their inspection programs.

And, then, we broke down the detail of these two estimates.

Mr. KLEPPE. You used the phrase "collateral cooperation", and then you referred to operating, such as wholesalers, jobbers, and warehouses. What I am trying to clarify in my mind here is that this, necessarily, might be an organization where maybe the processed poultry is owned by somebody other than the facility that is storing it. What do you mean by "collateral operation"?

Dr. MEHREN. Any operations associated with rendering—animal pet foods, manufacturing, storage, handling, generally. With respect to these activities designated as collateral, the purpose here is essentially and entirely the same as it was in the so-called red meat bill. We ask for records, registration, and access, to fully have the legal powers to assure that these channels are not inadvertently or otherwise used to introduce into human consumption byproducts of foods which are not so intended and are not fit for human consumption. That is exactly the same purpose as in the Wholesome Meat Act.

Mr. KLEPPE. The point is that you want to tie them together so that they all fall under the provisions of the legislation?

Dr. MEHREN. I did not get the question.

Mr. KLEPPE. The point is that you want to tie all of these related collateral activities together so that they are involved in the present legislation?

Dr. MEHREN. Yes, we want to prevent the introduction of dead, diseased, dying, disabled or other unfit products into human consumption, exactly as we did on meat.

Mr. KLEPPE. Just one more question, Mr. Chairman.

On page 10, you referred to this study that you made, this survey that you made of 34 stores in 16 States. My question is: Were any of those 16 States, States that presently have mandatory poultry inspection laws? And, further, were any of the four States that have an active ongoing poultry inspection involved?

Dr. MEHREN. Yes; I can read the States if you wish.

Mr. KLEPPE. Can you answer that question specifically as to the numbers of the four—the numbers of the 12 that were involved?

Dr. MEHREN. California. We visited three outlets. We examined 39.

Mr. KLEPPE. Is it not one of the 12 States, California?

Dr. MEHREN. California is one of the four States that—

Mr. KLEPPE. This is one of the four. All right.

Dr. MEHREN. We visited North Carolina, which is one of the States. We visited Illinois, which is one of the States with active programs. Wyoming, we did not.

So that out of the four States which have active on-going poultry programs, we did on the noninspected investigate three of them, on

the inspected, similarly, we covered California, Illinois, North Carolina, and did not cover Wyoming. We used the same 16 States.

Mr. KLEPPE. In effect, what your report rather indicates is that on any intrastate movement of poultry products, the poultry inspections in those States were not doing as good a job? Would that be correct.

Dr. MEHREN. That is, essentially, correct. There was a substantial marked difference in the findings of the federally inspected versus the nonfederally inspected.

Mr. KLEPPE. That is all, Mr. Chairman.

Mr. STUBBLEFIELD. Mr. Price?

Mr. PRICE. I would like to ask how many inspectors do you anticipate you will require to carry this out?

Dr. MEHREN. Could I refer that to Dr. Somers? He is in direct charge of that.

Dr. SOMERS. There will be a limited number of additional inspectors. Most of the assistance under this program will go to those States that are performing inspection programs. So, there is very little increase in the number of actual Federal inspectors. There will be some support: some for training, some for technical assistance, possible laboratory assistance, and that sort of thing, but for actual inspectors in numbers, there is no substantial increase contemplated here.

Mr. PRICE. Can you give me any figure?

Dr. MEHREN. I can give you a breakdown that we submitted on a percentage basis in transmitting the bill. Financial assistance to States for development of their programs is \$4.4 million for the first year. This would be monetary assistance primarily.

Mr. PRICE. Is this assuming that the States will pay for 50 percent of it?

Dr. MEHREN. Yes.

Mr. PRICE. If the State does not participate, then will the Federal Government take over the cost and the furnishing of the inspection for this?

Dr. MEHREN. At the expiration of the period specified in the proposed statute, yes.

Mr. PRICE. If a State, as in the meat inspection bill, where you have a poultry inspection, could they stop using the State facilities for this and the Federal Government would pick up the entire cost?

Dr. MEHREN. At the end of 2 years, yes.

Mr. PRICE. Even though they have an inspection service. So, actually, a State, like human beings, would, naturally, would drop all of its own inspection, and if this should happen, while we are talking about this, then this would double what we are talking about then, both as to inspectors and costs?

Dr. MEHREN. Identifying your question, emphasizing the "if," we could say "Yes," and be saddled eventually with the total cost. But there is no evidence that such an eventuality will occur. In fact, all evidence, all of our discussions with the State people indicate that some 24 States are presently negotiating with us to upgrade their meat inspection activities. I really do not know how many are presently ne-

gotiating in the participation of this legislation, if passed. But Dr. Somers may know. Do you know, offhand, how many there are?

Dr. SOMERS. In many of the States that we are working with on the meat program, they are including poultry as a part of their overall activity. Some of them have a combination meat and poultry law, as the congressman suggested. So, I do not know the exact number of States. We have not really gone to the States and said, "Will you co-operate with us on this?"

Mr. PRICE. It seems to me that we should have some more detailed cost figures, as to how many inspectors is this going to require if a State would participate or if it would not participate. We are almost approving an open-end thing here, in a way.

Dr. MEHREN. No, I do not think so. We are giving you the limits specified in two ways: (1) what would be the added cost for the first year and (2) what would be the total additional cost to the Federal Treasury if all 50 States cooperated on the 50 percent basis. I do not have it here. We did not include this in the letter to the Speaker and the Vice President, but, obviously, this is based upon man years, among other years, so that we could give you the information under the assumption which we would have to make at this stage of the negotiations, and I would be happy to provide that for the record if the committee so chooses.

Mr. PRICE. I would like to have it put into the record, if 100 percent of the States would cooperate, and if not, those that would not, so we could get the picture.

Dr. MEHREN. We will be happy to provide that.

Mr. PRICE. I would like to have that. I am hopeful that we may have that.

(The information referred to above follows:)

ESTIMATE OF COOPERATING STATE PROGRAMS FISCAL YEAR 1969 AND 1970

To determine the exact amount of participation by individual states, logical conclusions can be drawn from the following knowledge.

Currently there are 12 states having mandatory inspection laws. Five other states have become interested to the extent that voluntary programs are authorized. There are 2 additional states that have announced the intention of proposing mandatory legislation within a 1-year period. In addition, there are 5 states which have a volume of uninspected poultry of more than 12 pounds per capita. Cost assumptions of \$5 million for fiscal year 1969 are based upon all of these 24 states becoming active in their programs. Our assumption is that the 9 states most active at the current time will come under immediately and the 5 additional states will come under each quarter during the year thereafter. It has been further assumed that the additional Federal staffing necessary (see attached table—Exhibit No. 1) would be fully accomplished in fiscal year 1969.

For fiscal year 1970 an assumption has been made that the remaining states will all come under the cooperative program. It is difficult to determine those states which will institute programs. However, it is believed that consumer pressures brought about by the activities of the 24 states mentioned above will be a great inducement to all other states. Further, it is expected that the Federal contribution of 50 percent of cost will make practical budgetary items for the state programs. The full Federal cost, assuming full state participation (see attached table—Exhibit No. 2), would be \$10 million per annum. To the extent that our assumption is incorrect, Federal cost will increase and could possibly double.

EXHIBIT NO. 1
ADDITIONAL FEDERAL STAFFING AND COSTS BY LOCATION INCLUDING FRINGE BENEFITS AND TRAVEL

	GS-13		GS-12		GS-9		GS-5		GS-4		Total		Tech. travel 20 percent 12's and 13's		Grand total	
	Number	Cost	Number	Cost	Number	Cost	Number	Cost	Number	Cost	Number	Cost	Number	Cost	Number	Cost
Washington:																
Inspection Branch	4	65,820														
Technical Analysis					1	9,815					6	79,385		13,165	6	92,550
Administration Group			1	13,965							1	9,815			1	9,815
Subtotal	4	65,820	1	13,965	1	9,815	2	13,565			8	103,165		15,960	8	119,125
Field:																
Atlanta	4	65,820														
Philadelphia	4	65,820					1	6,780	1	6,085	6	78,685		13,165	6	91,850
Dallas	4	65,820					1	6,780	1	6,085	6	78,685		13,165	6	91,850
Des Moines	4	65,820					1	6,780	1	6,085	6	78,685		13,165	6	91,850
San Francisco	3	49,365					1	6,780	1	6,085	5	62,230		9,875	5	72,105
Subtotal	19	312,645					5	33,900	5	30,425	29	376,970		62,535	29	439,505
Total	23	378,465	1	13,965	2	9,815	7	47,465	5	30,425	36	480,135		78,495	37	558,630

Note.—Computed at the 5th step in grade; assuming all plants will participate.

Source: Poultry Division records, January 1968.

EXHIBIT NO. 2

NUMBER OF INSPECTORS AND COSTS IF (1) FEDERAL INSPECTION IS EXTENDED TO ALL PLANTS, (2) ALL STATES PARTICIPATE (STATE-FEDERAL)

Number of noninspected plants (1)	Man-years (2)	Inspection in-plant costs (3)	Above plant-O/H costs (4)	Total costs without State participation (5)	Total costs with full State participation (6)
2, 006	¹ 1, 420 $\frac{3}{4}$	² \$14, 905, 395	\$2, 981, 080	\$17, 886, 475	³ \$3, 943, 280

¹ Rounded, 1,421.

² Col. 3, in-plant cost, includes relief and in-plant travel.

³ Col. 6 total is $\frac{1}{2}$ of col. 5 rounded to nearest \$5.

Source: Poultry Division records, January 1968.

Mr. PRICE. In your testimony here, Dr. Mehren, publicity has been given to industries, such as the meat industry, and there has been descriptions, in words, as to these plants which, no doubt, have hurt the industry, and I hope that we are responsible enough not to hurt these industries.

Dr. MEHREN. I have no wish to hurt the industry, whatever.

Mr. PRICE. It is one thing to come in here and talk about the matter, as to what you have found in checking on these plants. I am wondering, sir, if the Department of Agriculture had in mind the complete regimentation of all farm products as to size, packaging, labeling?

You have it in meat now, and now in chickens. Are you going into eggs, and fruits, and milk, and vegetables, oysters, crabs, lobsters?

Dr. MEHREN. First, let me say that we have no jurisdiction or responsibility over fish; nor are we seeking such.

With respect to the others, the issues to which you allude, it is being done in many cases and has been done years ago. There are standards of identity for milk and its byproducts. There are labels on milk against deceptive or other unwholesome packaging. We have, essentially, the same thing in all commodities. There are standards of identity—one, to avoid deception, and secondly, to facilitate trade.

Mr. PRICE. Do you think that facilitating trade—in making stores or companies to put their products in a certain container, the same as another person's, do you think that this leads to increased sale of the product?

Dr. MEHREN. We have not done this, ever, in any product, nor it is intended to do it here.

Mr. PRICE. The packaging and labeling as prescribed as to a container, and things of that nature. It seems to me like this is a matter of regimentation as to the style and the type. It seems to me like it is cutting out any incentive that business has to sell its product.

Dr. MEHREN. As a matter of fact, we have, essentially, these provisions for some 11 years in poultry inspection. We have had them for approximately 50 years in meats. The purposes are simply to avoid misrepresentation, fraud, deceit, to assure that it is what it says it is and that a person can look at the label and get from the label an understanding of what the product is. Now, these provisions here, just as in the Meat Inspection Act, are primarily without the editorial amendments we have exercised. These are powers which we have with the full compliance of the industry; there has been very little difficulty in handling it. There has been no evidence that has come to me while I

have been in this office that the act has, in any measure, adversely affected the industry. These are the same provisions that are now on the books.

Mr. PRICE. It could be concluded that a different label or packaging, or the like, could be had?

Dr. MEHREN. If they were cooperating, yes, in any event.

Mr. PRICE. In other words, the State has to cooperate with the Federal and the Federal has to cooperate with the State?

Dr. MEHREN. Let me ask counsel to answer that.

Mr. BUCY. That is correct, with respect to products, federally inspected establishments, those coming from those—that is the same as in the Wholesome Meat Act.

Mr. PRICE. Now, we are getting standards in packaging, labeling, et cetera. Do you think that the States are capable in carrying out these inspections as to those farm products that the public buys? Do you think that the States are capable of doing this?

Dr. MEHREN. I think I responded rather directly to that in Mr. Foley's earlier question.

This is the wish of the Department that these programs be as much cooperative as is possible. Secondly, for six or seven decades we have operated literally dozens of programs on a completely cooperative basis with States. We still do. Dozens of them, and we merely do not oppose State cooperation; we quite unequivocally and in this proposed statute specifically support cooperation between the States and the Federal Government.

Mr. PRICE. Well, it would seem to me that we are continually—if we continue this, we are going to have I don't know how many—there is no telling what kind of costs we will have. It seems to me like it could be worked by the States to have more responsibility. Maybe this is the only way.

Dr. MEHREN. Of course, I feel that way. I say, again, that is the direct purpose of this Department, to engender a viable and effective cooperation with the States, and it is not our intention to have Federal inspection across the United States, and we would be completely disappointed if this were the outcome.

Mr. PRICE. That is all.

Mr. FOLEY. Dr. Mehren, to your knowledge based on your Department's surveillance of various State poultry inspection programs, could the Secretary of Agriculture certify any State of the Union as having today a poultry inspection system at least equal to the present Federal system?

Dr. MEHREN. I would say "No." but would ask Dr. Somers, who is, again, directly involved in this, to respond.

Mr. FOLEY. Do you disagree with that observation?

Dr. SOMERS. I agree with it.

Mr. FOLEY. Thank you.

That is all.

Mr. STUBBLEFIELD. Thank you.

Mr. PRICE. I just want to ask this: As to the number of inspectors this is going to require—

Dr. MEHREN. We will have Dr. Somers respond to that.

Dr. SOMERS. I would like to comment on that. Apparently, I did not make myself clear previously. There is no plan for additional

Federal inspectors in this particular bill. There is a provision for assistance to the States—technical assistance to the States. And I think that \$450,000 is allotted for that, and——

Mr. PRICE. Would that be grants of money or what?

Dr. SOMERS. Grants of money is \$4.4 million. Then there is \$450,000 for technical assistance, laboratory assistance, things of that kind. This could involve as many as 40 Federal employees, and then there is also a provision——

Mr. PRICE. You are sending men into the laboratories to instruct others?

Dr. SOMERS. Right. And another \$150,000 to train employees. This could involve 10 or 12 Federal employees to be used as instructors to operate a training program for them. So, there are no actual Federal inspectors contemplated by this, that is, at this time.

Mr. PRICE. It is difficult for me to understand that you are going to have the States pay one-half of it and the Federal will pay one-half of it. Who is going to pay for the training of these men?

Dr. SOMERS. They will be paid by some of the grants, 50 percent of the grants to the States will be used to pay them and the other 50 percent is provided by State funds. And these will be State inspectors. It is their purpose to build a strong, viable State program.

Mrs. MAY. You do not contemplate any new Federal inspectors under the bill you have sent up until 2 years from now?

Dr. SOMERS. That is correct.

Mrs. MAY. Then, you may be required to have more Federal inspectors, depending on how it goes?

Dr. SOMERS. That is correct.

Mr. STUBBLEFIELD. Thank you, Dr. Mehren.

Mr. STUBBLEFIELD. The next witness will be Congressman Charles E. Bennett of Florida.

We will be happy to hear from you now.

STATEMENT OF HON. CHARLES E. BENNETT, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

Mr. BENNETT. Mr. Chairman and members of the subcommittee, I know that there are more knowledgeable people here on this subject than myself, and for the purpose of expedition, I am handing in my full statement and will just read the conclusion and ask that the full statement be put into the record.

Mr. STUBBLEFIELD. Without objection, that may be done.

(The prepared statement submitted by Mr. Bennett reads in full as follows:)

STATEMENT OF HON. CHARLES E. BENNETT, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

Mr. Chairman, I appreciate this opportunity to appear before your Committee, hearing testimony on legislation which will strengthen the Poultry Products Inspection Act.

On the first day of the second session of the 90th Congress, I introduced H.R. 14594, entitled the Wholesome Poultry and Fish Act. This bill is pending before the House Agriculture Committee, and the Chairman has requested a report on the bill from the Secretary of Agriculture. I am very happy that the Committee has acted speedily on the problem of adequate inspection of all poultry bought and sold in the United States.

The purpose of the legislation I have introduced is to assure the general public that the poultry and fish products which they buy are wholesome, safe and edible.

There are many processors and producers of poultry and fish in Florida, and the contacts I have had with them reveal they are anxious for full inspection measures to insure a healthy product for the consumer at all times.

The bill I have introduced is patterned after the Wholesome Meat Act of 1967, which was reported from the Livestock and Grains Subcommittee. I want to congratulate members of the Subcommittee for putting this legislation on the books, and I was delighted to support it.

I am in basic agreement with and support the objectives of all of the bills pending in the Agriculture Committee on poultry inspection. As a consumer and as a Representative of constituents who produce poultry products I am anxious for full inspection of 100 percent of all poultry products produced.

When I began my research into this field of poultry inspection, the most important problem I found was the lack of federal-state cooperation, not only in inspection, but in information. In November, 1963, the House Committee on Government Operations in its "Consumer Protection Activities" report on poultry said: "... there is a lack of effective communication between USDA and the State departments of agriculture." My staff telephone calls and contacts discovered this fact in late 1967 and early this year. My bill would assure up-to-date and factual material on poultry inspection in the states, and I am hopeful legislation reported from the Committee will include this provision.

My bill, H.R. 14594, requires cooperation between the Federal government and state agencies in developing and administering a state poultry inspection law "that imposes mandatory ante mortem and post mortem inspection, reinspection, and sanitation requirements that are at least equal to those of the Federal government." It calls for Federal regulation and enforcement in the field of poultry if they are not enforced by local government.

I understand that 87 percent of slaughtered poultry and poultry products already is subject to Federal inspection. It is my purpose in proposing this legislation that we have 100 percent of poultry inspection brought up to proper standards to protect the American housewife and her family. The state is encouraged to take the initiative, but if it fails, the Federal government can step in.

In my own state of Florida, the Legislature passed in 1965, legislation setting up state inspection for the wholesomeness and sanitation of poultry offered for sale and the law was to become effective and operative when funds were available. It was in December, 1967, that poultry industry leaders called upon the Florida Commissioner of Agriculture and requested that a program be established to provide a proper continuous on-the-line inspection for wholesomeness. Agriculture Commissioner Doyle Conner said he began this program in January, 1968 and that the inspection for wholesomeness and sanitation is now comparable to U.S. inspection.

I talked to Commissioner Conner about this new program and he is optimistic that Florida will develop a model inspection program for the United States. Florida has some very excellent modern poultry processing plants, and I am happy to say three of them are located in Jacksonville—in the Third District of Florida, which I represent.

Poultry producers and processors realize the importance of adequate inspection. The American Poultry and Hatchery Federation has written me: "You'll find the industry most eager to cooperate in seeing that all poultry offered for sale is slaughtered under sanitary conditions and is in a wholesome condition when offered to the consuming public. We realize, perhaps as much or more so than the average person outside the industry, the importance of maintaining the industry record for integrity."

Legislation such as I have introduced, covering both poultry and fish, already has the support of the American consumer and many organizations. The General Federation of Women's Clubs has written me about my proposal: "You may be assured of our support of this legislation."

Poultry producers in Florida are concerned that any Poultry Inspection law passed by Congress might prohibit the so-called commingling of federally inspected poultry products and state inspected poultry products. I understand the Department of Agriculture has issued such a regulation in respect to the Wholesome Meat Act passed last year. It would seem to me that if products are state inspected, under standards at least as high as federal standards, that the com-

mingling of federal and state inspected products should be allowed in a common warehouse. I would hope a provision along these lines could be written into any inspection legislation reported out of the Committee.

Mr. Chairman, I thank you for the opportunity to appear before the Committee. I congratulate you again on the work you are doing for the American consumer.

Mr. BENNETT. Poultry producers in Florida are concerned that any poultry inspection law passed by Congress might prohibit the so-called commingling of federally inspected poultry products and State inspected poultry products. I understand that the Department of Agriculture has issued such a regulation in respect to the Wholesome Meat Act passed last year. It would seem to me that if products are State inspected, under standards at least as high as Federal standards, that the commingling of Federal and State inspected products should be allowed in a common warehouse. I would hope a provision along these lines could be written into any inspection legislation reported out of the committee.

Mr. Chairman, I thank you for the opportunity to appear before the committee. I congratulate you again on the work you are doing for the American consumer.

Mr. STUBBLEFIELD. Thank you very much.

Our next witness is our Chairman, Mr. Poage.

STATEMENT OF HON. W. R. POAGE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS

Mr. POAGE. Honorable colleagues, I am sure it came as no surprise to any of you when I introduced a wholesome poultry bill patterned after our original wholesome meat bill.

I think most of the arguments we will hear, not only here but on the House floor, and those to be voiced in the Senate, will be a repeat of those we heard during consideration of the red meat bill.

The issues fundamentally are the same. The question still centers on the best means of attaining an objective we all have in common: assurance that the American consumer gets the cleanest, the finest, and the most wholesome meat and poultry possible.

This, in my opinion, can best be achieved if you have the wholehearted cooperation of the State and local authorities.

As I said in debate on the meat inspection bill, I think it is better to hold out a carrot as an inducement for the willing, if not the enthusiastic, collaboration of the States. The alternative, which is a threat to the States of a Federal takeover if they do not comply, violates what I consider a basic tenet of our form of government—the right of the States to handle these matters resting wholly within their respective boundaries.

I repeat what I said on the House floor during consideration of the conference report on the meat bill—the only justification for following the course of action embodied in the meat bill as passed by the Senate and accepted by the House is a belief that, where the objective is good, the end justifies the means. This never has been my philosophy. It is not my philosophy today. I believe in the division of powers between the State and the Federal Governments envisioned in our Constitution, and I don't believe that any claim of desirability can add or detract from the constitutional division of powers.

Aside from this constitutional objection, I think the coercive approach will not get effective results, that it will not result in as effective enforcement of regulations as the voluntary concept incorporated in the bill I have introduced.

The National Association of State Departments of Agriculture, made up of the officials who are closest to this problem, feels that the voluntary plan is better.

Some State officials, I understand, have expressed resentment of tactics used by some proponents of the Federal approach in getting information used to pressure passage of the Wholesome Meat Act in the version which finally became law.

The Federal authorities will find they need the cooperation of these State officials.

Here in this bill that I have introduced, as in the meat bill which this subcommittee originally approved after deliberate consideration, we again are presenting the States an attractive cooperative program.

It is one which few of them could afford to reject. It provides an incentive for them to improve their own State inspection systems. It provides a practical solution to the problem, one which we could be sure will work. As I remarked on introducing the bill, you are not likely to get cooperation by hitting local authorities in the face with a dirty towel.

I find no fault with those who reach different conclusions than those of my own so long as they consider the facts, and sort them out from the kind of propaganda that was heaped on Capitol Hill in connection with the meat bill. This is an observation that hardly needs voicing here, but I do hope that when a poultry bill gets to the floor of the House, the Members as a whole will be more discerning in weighing the issues involved than they were during consideration of the red meat legislation.

I want realistic results—not simply credit for introducing a bill, any bill. I believe the cooperative approach is a good deal more likely to get results than such a bill as the one we have before us which would require antemortem Federal inspection of fish. Maybe the idea of a Federal inspector swimming around the oceans, tagging those fish which can be caught or killed, will attract attention, but it can hardly evidence very much to this committee except that some of the authors of this legislation have been quite out of touch with realities.

I submit that the so-called administration bill, and all of its variations, have better headline than enforcement possibilities.

Mr. STUBBLEFIELD. Thank you. Mr. Chairman.

Mr. Foley?

Mr. FOLEY. I would like to say, to you as chairman of the full committee, that we thank you very much for your statement.

Mr. STUBBLEFIELD. Mrs. May?

Mrs. MAY. No questions.

Mr. STUBBLEFIELD. Mr. Dole?

Mr. DOLE. No questions.

Mr. STUBBLEFIELD. Mr. Zwach?

Mr. ZWACH. I want to commend the chairman of this committee for the forthright statement he has made of his position.

Mr. STUBBLEFIELD. Mr. Kleppe?

Mr. KLEPPE. Mr. Chairman, I supported you before, and I intend to support it again. I think you have made a very fine statement. I think your position is well founded. I believe we passed a good bill out of this committee in the meat bill, and I believe that this is very comparable, this poultry bill. I again compliment you for your statement.

Mr. STUBBLEFIELD. Mr. Pike?

Mr. PIKE. I want to say to you, Mr. Poage, that I certainly agree with your statement. You have put in words a lot of the expressions of the members, and what I would like to say.

I think it is a very good statement.

Mr. STUBBLEFIELD. Thank you, Mr. Chairman.

Our next witness is Congressman Rogers C. B. Morton, of Maryland. We will be glad to hear from you now.

STATEMENT OF HON. ROGERS C. B. MORTON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MARYLAND

Mr. MORTON. Mr. Chairman, I appreciate having this opportunity to testify on behalf of my bill, H.R. 14741, to amend the Poultry Products Inspection Act so as to provide for the Federal inspection of all poultry and poultry products intended for human consumption.

Rather than read the entire statement, I would like to make a comment or two. Of course, the statement is before you, and it is available for the record, and I should like to have the complete statement made a part of the record.

Mr. STUBBLEFIELD. It is so ordered.

(The prepared statement submitted by Mr. Morton reads in full as follows:)

STATEMENT OF HON. ROGERS C. B. MORTON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MARYLAND

Mr. Chairman, I appreciate having this opportunity to testify on behalf of my bill, H.R. 14741, to amend the Poultry Products Inspection Act so as to provide for the Federal inspection of all poultry and poultry products intended for human consumption.

The poultry industry is the backbone of our economy on the Delmarva Peninsula. Last year more than 280 million broilers were produced on the Eastern Shore of Maryland, Delaware and Virginia. Over 50 percent of our agricultural income stems from the poultry industry.

Our poultrymen want to see the inspection program broadened to include all poultry which is intended for use as human food. Nearly 100 percent of the poultry produced in Maryland is Federally inspected. In other areas, where poultry is produced and sold in intrastate commerce, industry has an unfair advantage in a competitive market. Poultry which would fail to meet Federal inspection standards may be sold to the public as long as the product does not cross a state line. Mr. Chairman, we feel this is derogatory to the poultry industry, but more importantly, we believe it is unfair to the American public. Certainly the consumer has the right to be assured the poultry he purchases is wholesome and clean.

For these reasons, the poultrymen in my District seek uniformity of inspection throughout the country, of both interstate and intrastate commerce in poultry and poultry products. Under H.R. 14741 and the companion bills sponsored by my colleague from Delaware and Senator John Williams, the Federal inspection program would be extended to include all poultry intended for human consumption. Actual inspection could be gotten underway in a relatively short period of time since the program is already established and only an extension is required.

Mr. Chairman, the existing Poultry Products Inspection Act authorizes the Secretary of Agriculture to cooperate with the States to establish poultry inspection for intrastate operations. To date, only one State has exercised this provision.

It seems to me the greatest uniformity in the least time lapse can be accomplished through my bill. However, I would urge this Subcommittee to consider all proposals dealing with poultry inspection and, on the basis of this consideration, report out legislation which will provide for a workable program to assure the public wholesome poultry and poultry products, and to assure fair competitive practices within the industry.

Thank you.

Mr. MORTON. The point is that we do not want to put any unwholesome food in the marketplace, food that would be unhealthy or would tend to lower the standards. That, in itself, would have an adverse effect on the marketing of poultry products.

In my area, the Delmarva Peninsula, I would say 99 percent of the poultry processed for the market is processed under inspection now and finds its way into interstate commerce. There are some poultry farmers, however, who sell directly to consumers or to restaurants, hotels and the like.

My bill would continue the exemption for this type of producer so the State itself would have the opportunity to police this segment of the business as it saw fit. This is one part of the administration bill that concerns me, because there are a number of farmers who now produce poultry and process poultry and market poultry who could be put out of business if elaborate inspection procedures were required of their operations. On the other hand, there is no excuse for these individuals to produce a product that is substandard in any way.

I believe either this exemption or the proposals Mr. Poage, the chairman of your committee, has suggested, would be the route to take. We have to encourage farmers across the board to get as much for their products as they possibly can.

The turkey industry has its cycle effect the same as does the broiler industry. A farmer who is a large producer and who is able to process these birds should have the opportunity to do so without being overburdened by additional costs, and to engage in this type of marketing.

I am afraid the broiler industry itself has gone to very large integrated operators, in some cases to the detriment of the smaller producers. Therefore, I would not like to see legislation come out of this committee and become law which would discourage the small operator—whether he be a processor or whether he be a grower or whether he be a combination—from being able to enter into the marketplace.

Obviously, I am for the inspection of any poultry which finds its way into interstate commerce, but at the same time I am very concerned about our establishing a set of guidelines for inspection of poultry products which would prevent the small operator from continuing to operate and going into the marketplace, as is everyone's basic right.

I will be glad to answer any questions that you, Mr. Chairman, or members of the subcommittee have in this area.

Mr. STUBBLEFIELD. Thank you.

Mr. FOLEY. I should like to compliment you on your testimony and on the introduction of this legislation which is similar to that which Mr. Purcell and other members of the committee have introduced. I

understand that it would provide for the protection of poultry; is that correct?

Mr. MORRISON. With the opportunity, to a certain extent, for exemption.

Mr. FOLEY. I should like to say that the gentleman and I serve on another committee, and I know that he is an able and conscientious legislator. I believe that the introduction of this bill shows that those of us who are in favor of Federal inspection are not necessarily out of harmony with the Constitution of the United States.

Mr. STUBBLEFIELD. Mrs. May?

Mrs. MAY. I understand that your bill would call for Federal inspection of all poultry products, with the exception of those producers who raise birds specifically for retail stores and restaurants and the like. Do I understand that that is what is in your bill?

Mr. MORTON. This is correct. The exemptions are for the producer who processes his own poultry and who sells it directly to the consumers or to the hotels, restaurants, boarding houses, and the like.

Mrs. MAY. At what point in your bill would you suggest that this particular poultry product, raised specifically for this purpose, be inspected for wholesomeness or sanitation? Or is it completely exempted from any wholesomeness and sanitation inspection?

Mr. MORTON. I think the States have a very definite obligation which is within their purview and within their capacity for doing this.

I would say the total number in the entire State of Maryland of grower-processor-sales type of farmers is very small. The State Health Department has the facilities, the capability, the know-how, to make sure these operators of poultry products and birds meet every standard they should meet in the marketplace.

Mrs. MAY. I think perhaps the committee will be interested in two things: What impact that exemption might have in other States that might operate differently than in the Delmarva area, and, two, have you had any chance to find out what the cost of the overall Federal inspection would be as compared to the cooperative-State approach that the Department has recommended. That is, 50 percent split on cost.

Mr. MORTON. This, I have not been able to do. Since the time this matter has been brought up and this legislative process has gotten underway, we have not had time to do this kind of research. I hope the committee will take the time, because I do think there can be some economic hardships.

For the record, Mr. Chairman, and I think it will help answer the questions the distinguished lady from Washington has asked, I have here a letter from the Office of the Director of Service and Control Programs of the University of Maryland at College Park. This letter is in answer to various requests I have made. Rather than take the time of the committee to read it in total, I would encourage the committee to read it as a part of the record.

If there is no objection, Mr. Chairman, I would like to offer it for the record.

Mr. STUBBLEFIELD. Without objection, it will be made a part of the record at this point.

(The letter referred to is as follows:)

UNIVERSITY OF MARYLAND,
MARYLAND STATE BOARD OF AGRICULTURE,
College Park, Md., February 16, 1968.

Hon. ROGERS C. B. MORTON,
Member of Congress,
House Office Building,
Washington, D.C.

DEAR MR. MORTON: This is in response to your inquiry regarding the mandatory inspection of poultry and the desirability of H.R. 14741 as contrasted to H.R. 15146.

Both bills would cause the mandatory inspection of poultry and poultry products. The only significant differences in the two bills are (a) the method of implementation, and (b) the exemptions for producers who process their own poultry and who sell directly to consumers or to hotels, restaurants, boarding houses, etc.

H.R. 15146 would remove the exemptions while H.R. 14741 would not. Those who would be affected in Maryland by removing the exemption would be some 12 to 15 turkey producers who dress their birds and sell directly to consumers or other limited outlets. Almost all these sales occur during the Thanksgiving and Christmas seasons and there is very little activity at other times of the year. Removing their exemption would probably force several to go out of business.

In my opinion some provision for exempting these small operators should be retained because it will not be practical to inspect each of these farmers.

To my knowledge there are no farmers who dress and sell chickens directly to consumers unless the sales are isolated and of little consequence.

There are 20 establishments in Baltimore City that process poultry for intra-state sales. These establishments are not currently under Federal inspection. Either Bill would apparently have the same ultimate effect on these establishments—i.e. they would be brought under Federal inspection or State inspection which must be equal to the Federal.

The method of implementation is of great concern. H.R. 14741 would require Federal inspection while H.R. 15146 would establish a system of joint State-Federal inspection.

Probably the greatest advantage of H.R. 15146 is that a State such as Maryland which has no poultry inspection law would be given an option of either enacting their own law and carrying out inspection with their own staff; or, if they so choose, allowing the inspection to be made by Federal inspectors.

I have talked with Commissioners and/or Secretaries of Agriculture in Georgia, North Carolina, Virginia, and Delaware on this question. Three of them have state poultry inspection laws and would like to retain their responsibilities in this area. All four favor the joint State-Federal arrangement in preference to Federal inspection. I favor this approach also.

I might add that the National Association of State Departments of Agriculture has also endorsed the cooperative State-Federal program. (See enclosed copy of telegram from Stanley Trenhaile).

Sincerely,

CHARLES P. ELLINGTON,
Director.

Mr. MAX. I would say that Dr. Somers and Dr. Mehren, I believe, in answer to one of our colleagues here, have offered to submit records on the cost of the bills, and I am sure that information will be forthcoming.

Mr. MORTON. There is one paragraph in the letter, I think, worth bringing to your attention at this point, and that paragraph says:

I have talked with Commissioners and/or Secretaries of Agriculture in Georgia, North Carolina, Virginia, and Delaware on this question. Three of them have state poultry inspection laws and would like to retain their responsibilities in this area. All four favor the joint State-Federal arrangement in preference to Federal inspection. I favor this approach also.

This, of course, gets into the matter of who does what, and how much the cost is in the way of inspection.

In the same letter, the director states that he knows of 12 or 15 operators and producers who dress their own birds and sell directly, and, under the administration bill, they would practically be put out of business. This is all covered in the letter. I think it would make good reading for those studying the question.

Mr. STUBBLEFIELD. Mr. Kleppe?

Mr. KLEPPE. I would like to ask Congressman Morton a question. He is the biggest man in Congress and big man in my book, too. Do your exemptions cross State lines; are they involved in interstate as well as in intrastate?

Mr. MORTON. Well, we have a very friendly line that runs down the middle of the Delmarva Peninsula, and it is a political boundary that separates the great State of Delaware from the great State of Maryland. It would be difficult for me to say that some of the poultry which falls into this category does not enter into interstate commerce. In the town of Delmar, one side of the street is in Maryland, and the other is in Delaware. I would assume there are restaurants on both sides of the street which probably are being serviced by a neighbor-farmer in this area. So, in that sense we do. In that sense, we have this problem with locker plants, too. A locker plant is located right on the State line. It is on the Maryland side; its primary market area, and customers, however, are on the other side of the State line.

I am sure other States have the same problem. These are things that will have to be worked out.

The main thrust I am trying to get at is: Let us not put the little man out of business unless he is putting unwholesome poultry on the market. That is the point.

Mrs. MAY. Thank you.

Mr. STUBBLEFIELD. Mr. Price?

Mr. PRICE. I would like to ask your opinion on this: If this Federal inspection is given to these people, I, personally, feel like it will put a lot of those small producers out of business, those who clean their own chickens and do a good job, like you say in most cases, and I was wondering as to the standards, the building standards of the Meat Inspection Act—I am wondering now if a person on a farm who raises chickens is going to have to have a license from the Federal people to build his chicken house just exactly like the Federal man wants it to be built?

That could sound silly; it could get down to that. Like in the dairy part where the dairy barn has to be so and so.

Do you see any threat in this area?

Mr. MORTON. Very frankly, I do not think the threat is too great, but I do see a threat. In the matter of the farm, it is bound by economic circumstances to meet a very high standard of housing and management practices. To the small producer, income from the sale of eggs is pin money and is for many farmers' wives throughout our area. In the case of the family farmer, we run into all kinds of problems if we push the Federal inspection all the way back to the source. I think it would be unmanageable, and, certainly, it would work a hardship. They have different sized flocks, and the management is an entirely different type than that of the large egg producers. I think we would have some problems here. I think we have to face it realistically. The

mission here is not to establish Federal laws and regulations to put them out of business, but to insure the product is safe and healthy so people desire it and want more poultry products because it is a good product. This is the position of our poultry industry, to try to encourage the purchase of poultry because of the assurance the consumer will have a product that is healthy and clean in every way, wholesome. I think if this law reaches back to the chicken coop on the farm, in terms of inspection at that level, we would be going from the sublime to the ridiculous.

Mr. PRICE. This, theoretically, could go back to the housewife killing 10 or 12 chickens and selling them to her neighbors.

Mr. MORTON. It certainly could, if carried to that extreme.

I do not believe the sponsors of any of the bills are trying to attack that. I hope they are not. I think that is almost un-American in its approach.

Mr. PRICE. Well, I think that we are all for good, clean meat and sanitary conditions. I sometimes wonder about our approach to it. I have seen good inspections on this subject.

Thank you.

Mr. STUBBLEFIELD. Thank you.

Mr. MORTON. Thank you, Mr. Chairman and members of the subcommittee.

Mr. STUBBLEFIELD. Our next witness is Mr. William D. Roth, Jr. We will be glad to hear from you now.

STATEMENT OF HON. WILLIAM V. ROTH, JR., A REPRESENTATIVE IN CONGRESS FROM THE STATE OF DELAWARE

Mr. ROTH. Mr. Chairman, I have introduced a bill identical to that of Mr. Morton. My testimony reflects pretty much what he said. If you desire, I will be happy just to have my statement introduced into the record at this stage.

Mr. STUBBLEFIELD. Without objection, that may be done, and we thank you.

Mr. ROTH. Thank you, Mr. Chairman.

(The prepared statement submitted by Mr. Roth reads in full as follows:)

STATEMENT OF HON. WILLIAM V. ROTH, JR., A REPRESENTATIVE IN CONGRESS FROM THE STATE OF DELAWARE

Mr. Chairman, I am grateful for this opportunity to appear before you to lend my support to proposals to guard the American consumer against unwholesome poultry products.

The State of Delaware, as you know, is part of the Delmarva Peninsula, one of the Nation's principal broiler producing areas. Broilers alone account for more than half the total farm income in Delaware, and all poultry more than 55 percent of farm income. By conservative estimates, the poultry industry generates more than \$200 million worth of business annually. Delaware and Delmarva have prospered under the 1957 Poultry Products Inspection Act. That law has been as much a benefit to poultry producers and processors as it has to the consumer, for the consumer's confidence in the wholesomeness of the poultry she buys moves her to buy more poultry for her family's table.

Despite the progress that has been made since the Act was fully implemented in 1959, an estimated 13 percent of all poultry products processed in the United States escapes Federal inspection, because it is wholly within intrastate commerce. By no means can one say that all of this poultry is unsuitable for human consumption. Furthermore, a few states maintain their own inspection programs. However, there is evidence that even where states do inspect for wholesomeness, due to a variety of reasons, such inspection may be performed irregularly and unevenly enforced.

Five states have voluntary programs for the inspection of poultry products, but, only a half-dozen or so plants avail themselves of this service in these states.

Very briefly, Mr. Chairman, my bill, H.R. 14782, would amend the existing Poultry Products Inspection Act to broaden the legislative findings, and to grant the Secretary of Agriculture the required authority to inspect all poultry intended for human consumption. The exemptions under existing law are retained.

As the Committee will recall, when the 1957 act was under consideration by the Congress, efforts were made at that time to include language to extend its provisions to all processing plants whether selling their products in or out of the state in which they were located. I believe the Committee should again give consideration to this approach, as well as to the approach embodied in the administration proposal.

There exists a recognized need, Mr. Chairman, to provide the consumer with better assurances that the poultry for her table is, in fact, suitable for human consumption. In these days of prepackaging and volume sales, the consumer no longer is able to deal face to face with the grower, to judge for herself the wholesomeness of the poultry and other foods she buys at the supermarket. Increasingly, she is compelled to rely upon the certification of government inspectors that the commodities she buys are wholesome and fit for her family's use.

The Committee has before it several bills which merit its serious consideration. It may well be that after further study, one or another of these proposals will be shown to offer better protection to the consumer at less cost. But, what we are searching for, in the final analysis, is the most effective means of protecting the American consumer against unwholesome, adulterated, or mislabeled poultry products at as early a date as possible.

Thank you, Mr. Chairman.

(The following statements were also submitted to the subcommittee:)

STATEMENT OF HON. JOSEPH P. VIGORITO, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF PENNSYLVANIA

Mr. Chairman, I appreciate the opportunity to submit this testimony on behalf of H.R. 15361, a bill which I have introduced regarding the inspection of poultry products, and similar legislation introduced by other members of the House now before this Subcommittee.

The need for the prompt passage of this legislation is manifest. Congress should take action to assure our nation's consumers that all poultry produced commercially in the country meets a minimum standard for wholesomeness whether inspected under a federal or state system.

Several witnesses have appeared before the Subcommittee outlining the national lack of poultry inspection. I would like to present a few statistics on the situation as it presently exists in the Commonwealth of Pennsylvania and the 24th Congressional District which I represent in Congress.

Pennsylvania is one of the country's most populous states. Its citizens are major consumers of poultry and poultry products. More than 91 million head of poultry were slaughtered in Pennsylvania by 62 plants under federal inspection last year. This is over 50 percent more than was sold off farms in the state. This means that production within Pennsylvania does not take care of consumer needs and birds must be brought in from other states to be slaughtered, processed and sold.

Unfortunately, although there are 62 federally inspected plants within the state, there are 111 which are not. Even within my Congressional District there are two plants under federal inspection and five which are not.

Although some persons may say that these uninspected plants are small as far as the volume of poultry they process is concerned, they do pose the real and considerable danger caused by intermingling inspected and noninspected poultry in stores in the area.

Although the housewife may be reasonably certain that *most* of the poultry she purchases is safe, I feel it is unfortunate that she cannot be sure *all* of it is equally wholesome. There is no reason why my constituents should not have complete assurance that the poultry they purchase and consume is inspected for purity.

At present Pennsylvania is not one of the states having a mandatory law requiring inspection of poultry before and after slaughter. This inspection within the state is only on a voluntary basis which, naturally, lends itself open to abuse no matter how well-meaning most poultry processors are.

On a nationwide level, under the Poultry Products Inspection Act, only poultry products shipped in interstate or foreign commerce are inspected. All intrastate poultry sales are exempt. There are a number of other significant exemptions from the law. All birds sold to hotels, restaurants and boarding houses do not come under federal inspection. I see no reason why we cannot be assured that the poultry we buy in a restaurant is not as wholesome as that we consume within our own home.

A look at statistics will also show that the need for poultry inspection will increase rather than decrease in the coming years. The growth in our population will mean a rise in our food consumption. At the end of fiscal year 1967 there were 905 plants under federal inspection, an increase of 20 plants over the previous year. During the same period there was a 10.7 percent increase in the volume of poultry inspected over the fiscal year 1966.

The inspection workload on processed poultry products is expected to continue the upward trend that has been evident in recent years. This means there will be a greater burden on our present federal inspection system. It is time that the Congress acts now to upgrade and revamp our current program.

Last year the Congress took a milestone step forward in protecting the nation's consumers by passing the Wholesome Meat Act. I hope we will follow up this step by passing similar legislation to cover poultry processing. The American consumer deserves this assurance.

STATEMENT OF HON. THEODORE R. KUPFERMAN, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF NEW YORK

Mr. Chairman, members of the Subcommittee on Livestock and Grains of the House Committee on Agriculture, I am pleased to have this opportunity to submit my statement today to my distinguished colleagues on this Committee in support of H.R. 15146, the bill introduced by the Chairman of this Subcommittee, Mr. Purcell, to clarify and otherwise amend the Poultry Products Inspection Act, and to provide for cooperation with appropriate State agencies with respect to State poultry products inspection programs.

My primary purpose for submitting this statement today is to make known my support and approval of a bill, which I also have introduced, that authorizes the Secretary of Agriculture to cooperate with and assist appropriate State agencies in developing and administering State poultry product inspection programs, at least equal to those under the Federal Act. More important, this bill extends Federal poultry inspection to intrastate activities.

When the Smith-Foley substitute amendment to the Meat Inspection Act was considered on the floor of the House last October, I rose in support of that move to give the Federal Government broader powers with regard to meat inspection. Today, I wish to raise my voice in support of this move to give the Federal Government broader powers with regard to poultry inspection. The need has not lessened because the animal has changed. The menace of unwholesome poultry does not recognize boundaries and does not differentiate between interstate and intrastate consumption.

Some critics of this legislation would have the Congress concern itself with a poultry inspection bill that would protect the housewife and other consumers only when the buy poultry that have traveled across State boundaries. How can we

possibly justify the need for Federal inspection of poultry that moves in interstate commerce, while ignoring the just as important need for similar inspection of intrastate poultry? Without Federal inspection what protection do we offer the housewife when she buys poultry coming from non-Federally inspected poultry slaughtering and processing plants? Only twelve States have a mandatory law requiring inspection of poultry before and after slaughter. Five States provide for poultry inspection on a voluntary basis. The remaining thirty-three States, including my own, New York, have no specific poultry inspection laws, although the general health inspection law would apply.

Does this mean that when a family happens to be in a State other than its own, where it might be familiar with the poultry inspection laws, although I doubt it, they are not to be assured of adequate inspection laws governing the food they eat? Food inspection should know no boundaries, as food contamination is not contained by arbitrary lines of geographical demarcation.

Let us not wait until a tragedy catches the public's attention and forces us to act. We have the all too unusual opportunity to legislate against disaster before it occurs. Let us not lose the initiative.

Mr. Chairman, I urge my colleagues favorably to report H.R. 15146.

Mr. STUBBLEFIELD. The subcommittee will adjourn until 10 o'clock tomorrow morning.

(Whereupon, at 12:20 p.m., a recess was taken until 10 a.m., Tuesday, February 20, 1968.)

AMEND THE POULTRY PRODUCTS INSPECTION ACT

TUESDAY, FEBRUARY 20, 1968

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON LIVESTOCK AND GRAINS,
OF THE COMMITTEE ON AGRICULTURE,
Washington, D.C.

The subcommittee met, pursuant to recess, at 10:05 a.m., in room 1301, Longworth House Office Building, the Honorable Graham Purcell (chairman of the subcommittee) presiding.

Present: Representatives Purcell, Stubblefield, Foley, Montgomery, Brasco, Mrs. May, Dole, Zwach, Kleppe, and Price.

Also present: Representatives Dow, Vigorito, Wampler, Miller, and Myers.

Christine S. Gallagher, clerk; William C. Black, general counsel; Hyde H. Murray, assistant counsel; and L. T. Easley, staff consultant.

Mr. PURCELL. The subcommittee will come to order.

I want to thank my friend and colleague, Mr. Frank Stubblefield, of Kentucky, for presiding over yesterday's meeting. I found myself involved in a total conflict of schedules. Our chairman, Mr. Poage, sent me to substitute for him, to speak in Denver, Colo., and these hearings were set before I realized what other commitments I had, and where I was supposed to be. Congressman Stubblefield is most skilled in the area of poultry and serves as the respected chairman of the Dairy and Poultry Subcommittee.

We have several proposals before us now, one of which is my own. Naturally, I favor the bill introduced by me with Congressman Dow, Smith of Iowa, and Foley. Also, the substance of the Sullivan bill, I have been told, is exactly the same as our bill.

Also we have bills before us that would place all poultry under Federal inspection.

We have the proposal before us, introduced by the chairman of the full committee, which follows the same guidelines as was embodied in the original House-passed bill pertaining to red meat inspection.

Each of these represents a great deal of effort to achieve a logical, comprehensive answer to a principal problem that most of us feel has already been identified—a weak national system of poultry inspection.

I think that we all see a clear parallel here to the intense effort in which many of us were involved to create a logical national system of meat inspection. As a matter of fact, it is obvious from certain exchanges that were made here yesterday, that not all issues subsidiary to that bill are yet resolved, even though the legislation has been signed into law.

However, we do enjoy certain advantages now, that promise a realistic, experienced approach toward this poultry inspection legislation. We have a vital industry, eager, I hope, to work with logical measures designed to achieve a more logical poultry inspection situation than presently exists. We have a closer starting point for this legislation than for the meat bill, where many of us disagreed initially on how best to achieve logical meat inspection protection. Finally—and here, again, I must indicate my prejudice—we have a better bill to start off with.

This is not to say that any one measure now pending before the subcommittee is perfect. In fact, I think that all of us here today will agree that, in one respect or the other, all bills being considered will probably need changes. And that is our job. Before I take up too much of our limited time this morning, let us proceed with our work.

Let me announce now, to those who are scheduled to appear as witnesses tomorrow and for the benefit of the staff of the committee and those of you who are here and have been here on a more or less regular basis on various occasions, that the rules provide, I am informed, that all scheduled witnesses' papers are supposed to be presented to the committee staff 48 hours ahead of time. I am not going to make any point of that, but I am going to require that anytime this subcommittee is meeting the witnesses have their statements in the hands of the committee staff not later than 9:30 of the morning you are scheduled to testify. I do not think that this will make for any hardship, though it does present a hardship to the staff if papers are not here as the witnesses are here to testify.

So, I will require that from now on the statements be filed the morning of the day you testify by 9:30 o'clock, and that means that if you testify at 11:30 or anytime that day, your statement must be filed or presented to the committee staff by 9:30 that morning.

We have a long list of witnesses, and I will proceed to call the first one, Mr. Frank Frazier, of the National Broiler Council, who is accompanied by Mr. James F. Rill, Legal Counsel.

Mr. Frazier, we will be glad to hear from you now.

**STATEMENT OF FRANK FRAZIER, EXECUTIVE VICE PRESIDENT,
NATIONAL BROILER COUNCIL, WASHINGTON, D.C.; ACCOMPANIED
BY JAMES F. RILL, LEGAL COUNSEL**

Mr. FRAZIER. Mr. Chairman and members of the subcommittee. My name is Frank Frazier, and I am executive vice president of the National Broiler Council, 1155 15th Street NW., Washington, D.C. I appreciate this opportunity to present this statement on behalf of the council in support of the principles contained in H.R. 15146, introduced by the chairman of this subcommittee and sponsored by several other members of Congress, including members of the Agriculture Committee.

I would like to open with somewhat of a bright note. Realizing that the members of the committee are genuinely interested in farm prices, I am happy to report that the broiler industry is operating in the black, at the moment at least.

The National Broiler Council is a nonprofit association representing all segments of the vertically integrated U.S. broiler industry. Its

membership is comprised of firms producing and marketing approximately 65 percent of the broilers sold in the United States.

Inasmuch as meat-type chickens constitute the overwhelming preponderance of poultry volume presently and prospectively regulated by Federal inspection, sanitation and labeling standards, some background of the industry as it relates to this Federal program may be useful.

The importance of the inspection program to the broiler industry can best be demonstrated by the fact that in 1967 the 2.3 billion broilers weighing an aggregate of 8.1 billion pounds were slaughtered under Federal inspection. By comparison, during the same year, 107 million turkeys weighing an aggregate of 1.9 billion pounds were slaughtered in federally inspected plants. Thus, broilers constituted nearly five times the tonnage and 13 times the birds subject to Federal inspection as turkeys. Statistics for 1967 also disclose that approximately 85 percent of all broilers slaughtered were slaughtered in federally inspected plants. Accordingly, we submit that by far the most direct and immediate impact of any amendments to the Poultry Products Inspection Act would be on the broiler industry.

As is generally recognized, the broiler industry has been characterized by rapid changes since World War II and even since enactment of the Poultry Products Inspection Act of 1957, it is the youngest segment of American agriculture; the phase that has been shown the most dramatic growth in recent decades.

From its infancy in 1934 when production was only 34 million birds, the broiler industry has not only grown more rapidly than any other phase of the poultry business, but its dynamic growth surpasses that of any other major phase of American agriculture.

The modern broiler industry really came into its own after World War II when production took off like a jet. In 1947, U.S. broiler production was 310 million birds. Last year, just 20 years later, the figure had skyrocketed to more than 2.6 billion. Americans are consuming over six times as much broiler meat as they did 20 years ago and in the past decade alone, the per capita consumption of broilers has more than doubled.

Why did this happen? What's back of this boom in the popularity of chicken? Value is one important reason. Chicken prices averaged 41.3 cents per pound last year; 10 cents per pound less than 10 years ago—a significant saving to the consumer in face of today's rising food prices. But producing economically wasn't enough. To bring chickens to the forefront as a favorite food, our industry developed a better chicken, one that is tops in meatiness, taste appeal, and nutrition values.

To tell the story of how the farmer, the scientist, and the businessman teamed up to achieve this miracle in modern food production would take more time than is available today. But parts of this story have special significance to your consideration of amendments to the Poultry Products Inspection Act.

When the broiler industry was in its infancy 35 years ago, it was common practice to buy a live chicken and process it at home in the kitchen. So, during your lifetime and mine, this processing operation has shifted from the kitchen to modern food processing establishments.

Back in 1957 when Congress passed the Poultry Products Inspection Act, the modern efficient plants of that day had succeeded in providing a "maid service" to the housewife, that won her almost 100 percent to the eviscerated, ready-to-cook bird. The broiler industry, feeling a deep sense of responsibility to the consumer, supported the passage of that legislation. When it was signed into law, the typical plant could process approximately 2,400 birds per hour, with an estimated output of 30 birds per man-hour. But in the past 10 years, increased automation has nearly doubled efficiency. This was made possible by the development or invention of new equipment for palletized coop handling; automatic killing; giblet pumping, skinning, chilling, and wrapping systems; continuous chilling systems; automatic sizing and weighing; automatic icing; automatic box closing; palletized and motorized handling of the finished products; and sanitary overhead conveyor systems. Each new equipment item, of course, had to meet rigid USDA requirements for sanitation, before it could be installed in plants.

Consequently, the technological advances which made possible the economies of scale so necessary to be competitive in operating federally inspected broiler processing plants, were installed under the supervision of the inspection service to insure that sanitation and wholesomeness standards were satisfied. Any improvement in the inspection program, including its further extension, would not seriously disrupt the broiler industry. By the same token, in contrast with industries having processing facilities which have moved closer to the area of production they serve, the modern broiler-processing plants, since they serve a young industry, were first established in production areas. Significantly, the scale economies described produced an impetus toward larger processing plants, and this in turn produced an increased reliance on the Federal inspection program. Therefore, instead of 39 State inspection programs as was true for red meat, there are only two or three such programs in the poultry industry. And the percent of young chickens moving through USDA-inspected plants increased from 80 to 85 from 1960 to 1967, and the volume from 4,841 to 8,168 million pounds during the same period.

Since broilers are raised in areas of concentrated commercial production some distance away from large population centers, it becomes necessary to cross State lines with a large part of the total production. In fact, due again to the efficiencies of modern plants, we find approximately 75 percent of their output is sold more than 200 miles from the point of slaughter.

Finally, by way of background we submit organization, scientific, and technological developments pioneered by the broiler industry have been uniquely conducive to industry's ability to comply with an effective inspection program.

The teamwork of the farmer, the scientist, and the businessman was achieved through a system of vertical integration which has progressed more rapidly in the broiler industry than any other phase of agriculture.

This not only provides an avenue for making the latest advances in pathology available to improve product wholesomeness, but it also makes possible safeguards to assure sanitation and disease control from hatching egg until the ready-to-cook chicken starts its journey through

distribution channels to the consumer. In short, the key to offering the consumer wholesome chicken is to have healthy chickens delivered to the processing plant. And thanks to the teamwork mentioned, no animal in agriculture has a better health record than chicken.

What is needed to have an effective inspection program?

In our opinion, it is essential that in order for a poultry inspection program to be effective, it must assure the consumer of a uniformly wholesome and properly packaged and labeled product from all sources and at all levels. The consumer is entitled to this uniform assurance whether the poultry is processed in a plant which ships in interstate commerce or solely intrastate. By like token, she should be assured that a product which is wholesome and properly labeled when it leaves the processing plant will be sustained in those conditions when it is purchased by her.

We cannot overstate the importance of uniformity of standards and their application to our objectives. We believe that processors which adhere to the high standards of wholesomeness, sanitation, and labeling prescribed by the Poultry Products Inspection Act should not be penalized competitively therefor. To the degree, if any, that such competitive imbalance exists, it should be eliminated by the application of the same standards to all poultry.

In accordance with this basic objective, key members of the National Broiler Council supported enactment of the Poultry Products Inspection Act in 1957. They agreed with the legislative finding in the act that markets for wholesome poultry products may be directly and adversely affected by the marketing of poultry products which do not meet established criteria for wholesomeness, and that the public interest requires congressional action to prevent this result. Parenthetically, we are pleased to note that these same legislative findings would be preserved and expanded by H.R. 15146.

In 1957, it was believed that an appropriate avenue for eliminating the possibility of unfair competition between poultry which does meet high inspection standards and that which does not would be section 5 of the present act. Under this provision, the Secretary is authorized, upon request from responsible State or local officials or industry groups, to designate major consuming areas in which the sale of uninspected poultry may be inhibiting the free flow of inspected poultry so as to create a burden on the interstate shipment of inspected products. Should an area be so designated, the Secretary is authorized to apply the various requirements and exemptions of the act to poultry being sold therein as will best effectuate the purpose of the legislation.

Section 5 has never been implemented. Part of the reason for its disuse may stem from the requirement that action be initiated by local agencies or industry groups. On the other hand, when requests have been made, the Secretary has declined to designate the area involved. There appears to be a legal question as to the extent to which broad areas, including entire States, might validly be designated as "major consuming areas." In any event, it is apparent by now that section 5 has not accomplished the objective intended in 1957, and there is little prospect that it will. Accordingly, it is incumbent on the industry, in cooperation with the Government, to evaluate and adopt new methods of securing the goal of uniformity. H.R. 15146 represents one such vehicle, and it is appropriate now to consider its provisions.

As we interpret H.R. 15146, it appears designed to accomplish three main objectives: (1) The modernization of the Poultry Products Inspection Act to reflect changes in the Food, Drug, and Cosmetic Act, and the enactment of other Federal legislation affecting food since 1957; (2) the enlargement of the Secretary's power to administer and enforce the act through regulation of successive levels of distribution, initiation of seizure proceedings, and by other means; and (3) the establishment of uniform Federal standards of wholesomeness, sanitation and packaging and labeling applicable to all poultry under a Federal-State cooperative program. As already indicated and as will be more fully hereinafter developed, the National Broiler Council is in basic accord with each of these objectives.

At this juncture, however, it should be understood that the broiler industry does not apologize for the inspection program currently in effect. The industry has cooperated with the Government in the development, enactment, and implementation of this program, and we believe that the successful growth of the industry has been in large measure the result of this cooperation. Many, in fact most, of the standards of adulteration and misbranding which would be established by H.R. 15146 are already applicable to broilers shipped in interstate commerce under the Poultry Products Inspection Act. In fact, it is probably in part because the Poultry Products Inspection Act was passed in 1957, 50 years after the Meat Inspection Act, that so few changes are necessary to bring it up to date with other measures affecting food.

Certainly there has been a reasonable amount of disagreement between the industry and USDA involving certain aspects of the inspection program, but this is only natural where an element of human judgment is involved and this situation will probably not be changed by the adoption of an amended act. In balance, over the decade since the act has been in effect, the areas of agreement have substantially outweighed the areas of disagreement.

It is commonplace, however, that there is always latitude for improvement, and the Council seeks to cooperate in achieving an even better program.

An important step in this direction is through the modernization of PPIA to conform with other Federal food legislation. H.R. 15146 would establish 11 standards of adulteration and 12 standards of misbranding applicable to poultry products. Each of these definitions, with but one exception, is taken directly from a virtually identical definition in the Federal Food, Drug, and Cosmetic Act. The Poultry Products Inspection Act was itself tailored in many respects after the Food, Drug and Cosmetic Act as it was in 1957. As a result, most of the proposed definitions are already included within the meaning of the terms "unwholesome," "unadulterated" or "misbranded" as they are used in the present act. The standards which would be added would simply reflect post-1957 amendments to the Food, Drug and Cosmetic Act and achieve further conformity therewith. In this respect, provision would be made to prohibit the use of unsafe pesticide chemicals, unsafe food and color additives, unauthorized radiation, deceptively filled, sized, or shaped containers and products which do not meet duly established standards of identity. We see no objection to this up-dating of the Poultry Product Inspection Act. As a practical matter, such amendments will have very little impact on the poultry

industry, since all products shipped in interstate commerce must presently comply with food and drug laws and regulations after it leaves the processing plant. Thus, for example, application for poultry food additives are regularly filed and processed at the Food and Drug Administration. There is no reason why such regulations should not apply within the plant as well, nor why the Secretary of Agriculture should not possess some administrative and enforcement authority in this area. At the same time, we endorse, in the interest of uniformity, those provisions of H.R. 15146 which direct that there be maximum coordination between USDA and HEW where there is an overlap of authority.

Similarly, we see no objection to the authority conferred on the Secretary by section 8 of the proposal to establish uniform type sizes and styles. This authority is comparable to that accorded the Food and Drug Administration with respect to other food products under the Fair Packaging and Labeling Act. In point of fact, the Secretary may already possess this authority under that provision of section 8 of the present act which permits him to withhold the use of any label which he believes may be false or misleading in any particular.

On the other hand, we are concerned with the provisions of section 4(h) (12) and section 8 of the proposal which appear to contemplate direct on-product labeling at least as to the official inspection legend. Such labeling could be extremely costly and quite possibly would be less practical and informative than the container labeling which would also be required.

A second major aspect of H.R. 15146 would be the significant increase in the Secretary's authority to administer and enforce the Poultry Products Inspection Act. Some of these provisions could be beneficial to the industry, others are appropriate for effective administration regulation, while there is some question as to the breadth of others which I will discuss later.

We believe that the provisions of section 13 of the bill (amending sec. 14 of the act) are desirable to assure that the wholesaler properly packaged and accurately labeled poultry products which leaves the processing establishment and will be maintained in that condition until it reaches the consumer. This provision which apparently envisions the establishment of sanitary facilities and handling criteria is to some degree in accord with authority currently in the process of being implemented by FDA under section 402(a) (4) of the Food, Drug and Cosmetic Act.

We believe that the control over imports established by section 17 of the proposed amended act is beneficial to the industry and the public. The proposal continues and strengthens, somewhat, the protections established by existing law.

Finally, it is entirely appropriate, in our opinion, that the Secretary be granted authority to initiate seizure proceedings; and in that connection, to detain a product which he has reason to believe is not in compliance with the act. Such power further safeguards the public health and eliminates one step from the currently existing procedure whereby the Secretary must apply to the Secretary of Health, Education, and Welfare for the commencement of seizure proceedings.

These comments do not relate to each of the provisions of the bill which would enhance the Secretary's powers of enforcement and

administration, but only to those which are in our view most significant. With certain exception, to be noted later, we are in fundamental agreement with each provision of H.R. 15146 whose purpose is to improve the efficiency with which the act might be implemented.

The establishment of uniform Federal standards of wholesomeness, sanitation, packaging, and labeling under a Federal-State cooperative program. The heart of H.R. 15146 is the effort, under section 5 of the bill, to encourage the States to adopt inspection, sanitation, and labeling programs which are in all respects at least equal to Federal enforcement. At the heart of the National Broiler Council's objectives concerning an effective program is the achievement of uniform standards and enforcement applicable to all poultry from whatever source. It is evident that the Department of Agriculture and the sponsors of this legislation are of the opinion that uniformity can be attained through the exercise of responsible federalism. This is in the final analysis a political and constitutional question which others are more qualified to resolve than we. Our goal is uniformity and absence of competitive discrimination, and we are eager to work closely with any Government agency, National, State or local, to achieve it.

We wish to invite the subcommittee's attention to three aspects of the present proposal which, in our opinion, deserve some further consideration:

First, the breadth of the recordkeeping and maintenance requirement as it is presented drafted in section 11 of the bill appears unduly substantial to accomplish the purposes of the act. To authorize the Secretary to require all persons subject to the act to prepare such records as will fully disclose all transactions in their business and to keep them for such period as the Secretary prescribes, may result in burdensome procedures which could have little relation to the act's objectives. The provision is comparable to that included in the Wholesome Meat Act last year. However, the conference committee, in apparent recognition of the undesirable potential of the requirement undertook to limit the provision in its report so as more closely to align it with the act's substantive coverages. We submit that limitation of the provision's scope in the body of the Poultry Products Inspection Act would be appropriate.

Second, we note that the proposal does not contain the detailed reporting requirements incumbent on USDA as to the effectiveness of the Federal-State program and as to importation of products which were present in the Wholesome Meat Act. We believe that in the interest of uniformity the Secretary should be required to review at least annually these aspects of the act, if it is adopted in its proposed form, and report thereon in detail to this committee and its Senate counterpart. We think, under the circumstances, that these committees and possibly the industry are entitled to know the extent to which equality of standards and enforcement have been and are being achieved.

And, third, we also believe that in the procedures described by sections 701 (e), (f), and (g) of the Food, Drug, and Cosmetic Act should apply to the Secretary's rulemaking procedures under the bill, at least where such procedures would result in the promulgation of substantive rules, having the force and effect of law. Because of the

far-reaching impact of such regulations, we submit that full opportunity must be accorded affected parties to submit their views and obtain judicial review in the same manner as set forth in the above-cited provisions of the Food, Drug, and Cosmetic Act.

In the interest of continuing to assure the consumer of a wholesome, properly packaged and accurately labeled product we endorse the principles of H.R. 15146. We applaud the extension of Federal standards to apply to poultry produced, processed, distributed, and consumed intrastate. We recognize further that the effort to update certain provisions and strengthen enforcement powers would improve somewhat what we consider to be an excellent poultry inspection program.

In conclusion, Mr. Chairman, I would like to offer for the record a telegram which came in this morning from Mr. James F. Fleming of the Alabama Poultry Industry Association, which reads as follows:

Please convey to House Subcommittee on Livestock and Grains that Alabama Poultry Industry Association supports the statement of National Broiler Council in regards to H.R. 15146. I regret I am unable to make this statement in person.

Mr. PURCELL. I believe that I can speak for all of the members of the subcommittee, Mr. Frazier, in saying that we appreciate your analytical and straightforward statement which you have presented. The subcommittee will certainly give attention to those problem areas you have pointed out.

Are there any questions of this witness?

Mr. Kleppe?

Mr. KLEPPE. I just want to ask one question of Mr. Frazier.

You made a number of mentions in your testimony about the Food and Drug Administration, and the Food and Drug Act. Are you giving us the implication that maybe there is much duplication in this bill which is before us, or are you indicating that maybe we ought to be utilizing some of the language from the FDA act in this Poultry Product Inspection Act, or would you just comment on this, please?

Mr. FRAZIER. Our legal counsel has made a very thorough analysis of both acts, and I would like for him to respond.

Mr. RILL. Mr. Kleppe, the Poultry Products Inspection Act was in some respects, in 1957, when first enacted, tailored after the Food, Drug, and Cosmetic Act as to the definitions of what constituted adulterated and improper branded poultry products. I think that there is a significant difference between two acts in that the Poultry Products Inspection Act calls for mandatory inspection, continuous inspection of poultry products going through the processing plants for shipment in interstate commerce.

The enforcement of the Poultry Products Inspection Act, therefore, is quite different from the scheme of enforcement developed under the Food, Drug, and Cosmetic Act.

Mr. KLEPPE. You do not believe then that this particular piece of legislation we have before us is unnecessary?

Mr. RILL. No, sir; we are in support of the basic principles of the legislation introduced by the chairman of the subcommittee.

Mr. KLEPPE. You are indicating that the FDA, as such, is what we are, really, considering here today?

Mr. RILL. No, sir; I do not think so.

Mr. KLEPPE. To get this matter cleared up in my own mind, I was wondering whether you in your mind felt that there was duplication here, that much of it was not necessary.

That is what I had in mind.

Mr. RILL. I do not think that there is any duplication in the sense of any proliferation of needless government authority. Certainly, the Department and the sponsors of the legislation would be more qualified to discuss this than I, but I think that the objective is to try to bring as nearly as possible conformity in standards of adulteration and proper branding and packaging of all food, which makes it applicable to poultry and, of course, last year, to red meat.

Mr. KLEPPE. I do understand correctly, do I not, that the FDA today does exercise authority over your product after it leaves the processing plant?

Mr. RILL. That is correct.

Mr. KLEPPE. And you favor inspection and uniformity in the plant as well?

Mr. RILL. The major objective of the National Broiler Council, as I understand, Mr. Kleppe, is to achieve the maximum possible uniformity not only in standards but of enforcement.

Mr. KLEPPE. All right. Thank you.

That is all, Mr. Chairman.

Mr. PURCELL. Mrs. May?

Mrs. MAY. I want to commend you and your group for your support of this legislation and your offer of cooperation to the subcommittee in working this out.

You have in your statement, as I see it, referred to the fact that you have some reservations.

Would you, very briefly, comment on your statement? On page 9, you say the provisions of section 4(h) (12), of H.R. 15146 could provide some problems to the poultry industry. As I understand it, this is exactly the same wording that was used in the Wholesome Meat Act. Would you or your counsel just comment quickly on what the problems might be under the wording of this act?

Mr. FRAZIER. We will be happy to do so.

As I understand the legislation that is under consideration, this particular section would give the Secretary of Agriculture permissive authority to require labeling in the manner indicated. I presume that in a person's imagination, if it were overactive, could visualize a chicken being divided into 10 different parts with an inspection label being attached to each individual part. I do not think, really, that is the intent of the proponents of the legislation at all. It is something that we feel should be clarified and could be clarified very easily by the subcommittee.

Mrs. MAY. What you are saying here is that when we come to this part of the labeling procedure, it would be necessary to put a stamp on a chicken wing, or every small piece which might prove to be cumbersome?

Mr. FRAZIER. Yes.

Mrs. MAY. But you feel that we can reach the same goal by container labeling in identification?

Mr. FRAZIER. That is right.

Mrs. MAY. Secondly, you comment, in another area, on detailed reporting from the USDA, when it comes to that portion of the bill controlling importation of poultry. Am I correct in assuming that you are talking about the fact that the Wholesome Meat Act has in it the Hruska amendment, adopted in the Senate, which asks for annual reports from the USDA on inspected foreign plants? Is that what you are talking about?

Mr. FRAZIER. I would like for our legal counsel to respond to that.

Mr. RILL. That is the objective of the testimony, Mrs. May.

Mrs. MAY. That wording that was in the other act is not in this bill?

Mr. RILL. That is correct.

Mrs. MAY. And now, a final question: You said that you thought it would be a good thing to have the procedures of the Food, Drug, and Cosmetic Act, as it applies to the Secretary's rulemaking, added to this bill. Do I understand correctly that you would like to suggest that this bill be amended to include the right of judicial review? That is not in the bill now.

Mr. FRAZIER. Again, I would like to call on Mr. Rill.

Mr. RILL. Mrs. May, the Food, Drug, and Cosmetic Act, section 701 (e), (f), and (g) provides for rather thoroughgoing procedural steps to be undertaken where the Secretary of Health, Education and Welfare seeks to promulgate relations which have a substantive effect, that is, the effect of law. The procedures, very briefly outlined, involve the publication of the proposed rule, the opportunity of interested parties to submit views on the proposed rule, the publication of the final rule, opportunity for objection and hearing on the provisions of the final rule, and if then a subsequent publication occurs, there is an opportunity of the second party to seek judicial review. We think this is entirely appropriate. That has been widely accepted in other parts of the food industry and, in our opinion, would best give the members of the poultry industry and all other affected persons, for that matter, procedural and judicial process in submitting their views and have the opportunity to be heard on regulations which go to the heart of this legislation.

As you, undoubtedly, know, of course, this type of procedure was made applicable to the establishment of substantive rules under the Fair Packaging and Labeling Act which covers some of the items covered under this proposed legislation.

We think, in the interest of further conformity and in the interest of administrative due process that a provision for this procedural relief would be entirely appropriate.

Mrs. MAY. Thank you very much.

That is all, Mr Chairman.

Mr. PURCELL. Are there any other questions?

Mr. Foley?

Mr. FOLEY. I would like to congratulate you on your statement and your responses before the subcommittee today.

Mr. PURCELL. Mr. Zwach?

Mr. ZWACH. Mr. Frazier, on page 4 of your testimony, you say that the percentage of poultry moving through USDA inspected plants increased from 80 to 85 from 1960 to 1967. I think it would be good for the record if we knew how much of it was passed this way, when the

act became effective, what has been the progression here; has there been a steady increase of this percentage?

Mr. FRAZIER. The act went into effect in 1959, and I believe 1960 was the first full year of operation of the industry under the act. So, the first full year of operation of the industry under the act until the most recent year would be the picture of what has taken place.

Mr. ZWACH. Do you feel that this is the trend, that this will continue?

Mr. FRAZIER. Yes, fortunately, I do.

Mr. ZWACH. That is all, Mr. Chairman.

Mr. PURCELL. Thank you gentlemen very much.

We will now call Mr. Edward Dunkelberger, who represents the National Cannery Association.

STATEMENT OF EDWARD DUNKELBERGER, COVINGTON & BURLING, ON BEHALF OF THE NATIONAL CANNERS ASSOCIATION

Mr. DUNKELBERGER. Thank you, Mr. Chairman.

My name is Edward Dunkelberger. I am a member of the firm of Covington and Burling and am appearing today on behalf of the National Cannery Association, a nonprofit trade association whose almost 600 members having canning plants in 44 of the 50 States pack approximately 85 per cent of our national production of canned fruits, vegetables, meats, sea foods and specialties.

The members of the National Cannery Association who pack canned poultry products have been fully subject to the requirements of the Federal Poultry Products Inspection Act ever since it became effective after enactment 10 years ago. Canned poultry and poultry products are prepared from federally inspected poultry, are packed under continuous Federal inspection, and are distributed widely in interstate and foreign commerce. Indeed, the canning industry supported the enactment of the Poultry Products Inspection Act of 1957, as it has many other Federal laws designed to assure that consumers will receive a safe, wholesome, and truthfully labeled food supply.

There can be no dispute as to the salutary effects of the Poultry Products Inspection Act for consumers, manufacturers, and producers, nor can there be any question that requirements equivalent to those imposed under the Federal act should be applicable to all poultry and poultry products sold for human consumption in this country. The National Cannery Association endorses and supports the enactment of Federal legislation that will achieve that purpose.

We believe that H.R. 15146 would be an important and effective forward step in consumer protection, and that at the same time, it would protect those companies now under Federal inspection against the possibility of unfair competition from purely intrastate firms. The canning industry also strongly endorses those provisions of the bill that will prevent the sale of imported poultry products not produced in accordance with the requirements of the Federal act.

While the National Cannery Association supports H.R. 15146, we would like to urge upon this committee the adoption of a few—but we believe vitally important—amendments. These concern three aspects

of the bill that have received little attention or interest, but which we raise, we submit, substantial problems of legislative intent, public policy, and constitutionally limitations.

Our initial—and primary—concern is with section 11 of the bill, in particular, that portion which would become section 11(b) of the act and which appears at page 27 of H.R. 15146. This section provides that companies regulated by the act would be required to maintain business records which will fully disclose “all transactions involved in their businesses,” and to afford to representatives of the Secretary of Agriculture access to their places of business and opportunity to examine “the facilities, inventory, and records thereof.” The section goes on to authorize the Secretary’s representative to copy all records and to take samples of inventory upon payment of their fair market value.

The inspection authority conferred under these provisions could scarcely be more sweeping; it has no counterpart in other Federal legislation regulating food products, prior to the enactment of similar language in the 1967 amendments to the Meat Inspection Act. The recordkeeping and inspection requirements would extend without limit not only to the receipt, handling, processing, or shipment of poultry or poultry products but also to corporate matters, sales and pricing data, personnel records, research data, and to all other records in each business location and corporate office, regardless of whether they have anything to do with poultry transactions. The language of this provision goes so far as to require a corporation engaging in any activities subject to the act to maintain and disclose records relating to all of the other lines of business in which the corporation is engaged.

This unlimited inspection authority in section 11(b) of the act, as it would be amended, may be contrasted with the language of section 704 of the Federal Food, Drug, and Cosmetic Act, which provides for the inspection of all plants producing food for shipment in interstate commerce. As amended in 1953, this section authorizes FDA investigators to enter at reasonable times, any factory, warehouse, or establishment in which foods are manufactured, processed, packed, or held for introduction into interstate commerce, and to inspect at reasonable times and within reasonable limits and in a reasonable manner, such factory, warehouse, or establishment and “all pertinent equipment, finished and unfinished materials, containers, and labeling therein.”

The legislative history of the 1953 amendments to section 704 made it clear that this inspection authority, which was deemed by Congress to be wholly adequate for the protection of the public, did not extend to the documents, records, and files in food, drug, and cosmetic company plants and offices. In 1962 limited records’ inspection authority was enacted for prescription drug plants.

Of even greater significance to Congress’ consideration of the inspection provisions of H.R. 15146 are the Supreme Court decisions of last June in *See v. Seattle* and *Camara v. The Municipal Court of the City and County of San Francisco*, in which the Court held that fourth amendment prohibition against unreasonable search and seizure extends to governmental inspections of residential and commercial property. In those decisions the Supreme Court condemned warrantless

compulsory inspection of business establishments and held that a business proprietor can legally refuse to admit a Government inspector unless he is armed with a search warrant. As the Court stated in *See*:

We therefore conclude that administrative entry, without consent, upon the portions of commercial premises which are not open to the public may only be compelled through prosecution or physical force within the framework of a warrant procedure. (387 U.S. at 545.)

There can be no question that these cases—decided less than a year ago—have direct application to Federal statutes authorizing food plant inspection. The FDA issued a press release shortly after the Court's action stating that the decisions called for abrupt change in its inspection procedures. Food and drug inspectors were instructed to apply to U.S. district courts for inspection warrants whenever owners or managers of business plants refused to consent to an inspection voluntarily.

Indeed, the U.S. Court of Appeals for the Third Circuit has already held that *Camara* and *See* are fully applicable to the FDA's inspection authority under section 704 of that act and that the fourth amendment as interpreted in these Supreme Court decisions applies to business records. *United States v. Stanack Sales Co., Inc.*, paragraph 40, 284 Food, Drug, Cosmetic Law Reports (3d Cir., Jan. 5, 1968). In spite of the fact that section 704 grants FDA access to certain prescription drug plant records, as we have already noted, the court held that such access could not be obtained without a subpoena or search warrant that delimited the confines of the search by designating the needed documents.

The constitutional problems raised under the Food, Drug, and Cosmetic Act are increased geometrically by H.R. 15146 which, unlike the former act, would authorize unlimited access to company records. Refusal by a company to permit such inspection would apparently be dealt with in one of two ways: The Secretary could either refuse to provide plant and product inspection, thus rendering any interstate shipment of poultry from the plant in violation, or he could prosecute the offending company or individuals for a criminal violation under section 12(a). In either case the constitutional limitations announced in *Camara* and *See*—and applied in *Stanack*—would come into play, to require that such penalties could be imposed only if the inspector refused access to records had a search warrant or subpoena which designated the records he wished to see.

It is no answer to say that the Secretary need not insist on his right to inspect all records without limit, but that he may establish that right as a condition of the company's right to ship poultry products in interstate commerce. The Court stated in *See* that it did not reach the question of how the fourth amendment prohibition should be applied in those instances where inspection is required prior to operating a business or marketing a product. But the Court's opinion leaves no doubt that the Government can never insist on unlimited search of premises and records without a warrant.

The Supreme Court has repeatedly ruled that Congress may not erode constitutional rights indirectly by imposing conditions any more than it can by affirmative command. As the Court said in *Gomillion v. Lightfoot*, 364 U.S. 339, 347-348 (1960), "a constitutional power (such as regulation of interstate commerce) cannot be used by way of

a condition to attain an unconstitutional result." Since "constitutional rights would be of little value if they could be thus indirectly denied."

The inspection provisions of H.R. 15146 are, of course, based on similar language in last year's amendments to the Meat Inspection Act. Serious concern was expressed in the Senate and House concerning this extremely broad recordkeeping and inspection provision. Congressman Purcell stated that it was the intent of the House that:

[T]he Secretary of Agriculture shall issue regulations setting forth specifically what records shall be kept and under what circumstances they are to be made available to duly authorized representatives of the Secretary, and to define in such regulations, after notice and hearings, the reasonable terms and conditions whereby such inspections may be made in conformance with applicable constitutional requirements.

This intention and understanding was also reflected in Senate debate and was explicitly set forth in the conference report.

Thus, the legislative history of this meat inspection provision makes it clear that Congress recognized its constitutional difficulties. Congress sought to cure them by directing the Secretary to provide by regulation some of the particularity that was missing from the statutory language, in the light of the requirements of the fourth amendment.

But the promulgation of such regulations would not in itself satisfy the requirements of the fourth amendment. In *Camara* and *See* the Supreme Court expressly invoked the numerous cases in which Federal courts have refused to uphold subpoenas demanding company records that are unduly broad and do not specify with particularity the records to be produced or examined.

The Court in *See* emphasized that even though a statute grants a right of access to corporate records, the Government agency "must delimit the confines of a search by designating the needed documents in a formal subpoena." 387 U.S. at 544-45. The opinion goes on to hold that it is "these rather minimal limitations on administrative action which we think are constitutionally required in the case of investigative entry upon commercial establishments." And the court of appeals has now expressly held in *Stanack* that this same requirement of designation applies to a search warrant granting access to business records.

We strongly urge that this committee write into H.R. 15146 at least minimal constitutional limitations along this line, instead of delegating to the Secretary the sole responsibility for interpreting and applying the fourth amendment to hopelessly broad statutory language. The bill could be amended to authorize the Secretary to adopt regulations specifying which company records would be relevant to the effective enforcement of the act and the accomplishment of the statutory purposes. These regulations should also specify the terms and conditions under which specific records might be sought by inspection warrant or subpoena.

If an inspector then deemed it necessary to see certain records of a company, he could present his request to the company, designating with particularity which records he wished to see. If the company did not believe that such records were within the type specified by the Secretary in regulations as necessary for enforcement of the act, or if for any reason questioned the inspector's authority, it could refuse

inspection until such time as the inspector obtained a search warrant or subpoena.

This three part approach of (1) administrative specification by regulation of what records should be kept and made available for effective enforcement of the act, (2) designation by the inspector of what particular company records he wishes to see, and (3) the use of search warrants and subpoenas when access is denied, would not only meet the requirements of the fourth amendment, but would also provide an effective means for achieving the statutory purpose. Attached to our statement is suggested language that would carry out this approach.

We would like to emphasize that the National Canners Association does not rest the need for these proposed revisions on any anticipation that the Department will act improperly under the act or engage in unlimited ransacking of files. Indeed, the industry's experience demonstrates that the Department has exercised its powers reasonably and with diligence. Nonetheless, the possibility for abuse does exist under the present form of the bill, and the Supreme Court has made it clear that the type of inspection contemplated by the bill will not be tolerated. It is for this reason, and this reason alone, that the proposal to salvage the inspection provisions has been submitted.

As to rulemaking procedure:

There is another respect in which the bill can be materially improved. The Poultry Products Inspection Act does not now, nor would it after enactment of H.R. 15146, provide for hearings and a record in the event of disagreement as to the wisdom or propriety of any of the many kinds of administrative regulations promulgated under the act. There is no requirement that such regulations be based upon substantial evidence, nor is there any provision for findings, indeed, for any record, upon which judicial review can be sought if necessary.

The requirement for a hearing, at which the officer who desires to promulgate detailed regulations must appear and present for the record the facts upon which their need and reasonableness is based, is an important and now well-established procedural safeguard. Where Congress deems it to be necessary and in the public interest to delegate to an administrative agency the formulation of substantive regulations, it has in recent years recognized that such delegation of its legislative power must be accompanied by at least minimum procedural safeguards for those who will be governed by the regulations.

The Federal Food, Drug and Cosmetic Act of 1938 contains a carefully considered procedural framework in section 701(e), (f), and (g), which provides for public notice of rulemaking, an opportunity for comments by interested persons, and the publication of a regulation after consideration of these comments. If a person who is adversely affected by the regulation objects within 30 days and demands a hearing, a hearing will be held if the objection raises factual issues. Any interested person may appear at the hearing and present evidence. The final regulation must be based on substantial evidence in the hearing record. Judicial review is provided for any person adversely affected by the final regulation.

This procedure has proved to be beneficial and workable for all concerned. It applies to the promulgation of food standards, food

and color additive regulations, drug regulations, pesticide regulations, and dietary regulations. In 1966 it was incorporated by Congress in the Fair Packaging and Labeling Act, and has provided a basis for the promulgation of regulations that are in the public interest with a minimum of procedural redtape.

We propose that this section 701 procedure be incorporated into H.R. 15146. A provision along the following lines could be added as a new section of the act:

Regulations promulgated by the Secretary under Sections 4(g)(2)(D), 4(h)(10), 4(h)(12), 7(a), 8(a), 11(b), and 14(a) of this Act shall be subject to judicial review, pursuant to the provisions of subsections (e), (f), and (g) of Section 701 of the Federal Food, Drug and Cosmetic Act (21 U.S.C. 371 (e), (f), and (g)). Hearings authorized or required for the promulgation of any such regulations by the Secretary shall be conducted by the Secretary or by such officer or employee of the Department of Agriculture as he may designate for that purpose.

Again, it is emphasized that in making this proposal the Association does not suggest capriciousness on the part of the Secretary in promulgating regulations. The point is that so long as the central purpose of this bill is to modernize Federal law with respect to poultry and poultry inspection, modern procedural safeguards should also be incorporated. These procedures have proved workable in other Federal laws, and have enjoyed wholehearted support not only from private parties but from the agencies and commentators as well. There is every reason to believe that the administration of the new Act can be accommodated to these modern administrative procedures.

Finally, packaging and labeling controls?

One other aspect of the bill which we believe deserves some consideration is the authority given to the Secretary in sections 8(b) and 8(c) to prescribe the styles and size of type of required labeling and to prohibit the use of packages which he believes are false or misleading. The type size authority is not limited to the net quantity declaration, but instead extends to all required label statements. In this respect, the bill is contrary to the recently enacted Fair Packaging and Labeling Act, which authorizes type style and size regulation only with respect to the net quantity declaration. We know of no reason for entrusting the Secretary of Agriculture with this additional and unprecedented authority over every detail of label design.

Finally, the provisions for prior approval of packages in sections 8(c) and (d) would appear to be inconsistent with the provisions of the Fair Packaging and Labeling Act, which rejected the initial proposals of administrative specifications of package size and shape. Other foods and poultry which is in this legislation remain subject to the provision in the Federal Food, Drug and Cosmetic Act that they will be deemed to be misbranded if the container "is so made, formed, or filled as to be misleading." This same provision would be applied to poultry by section 4(h)(4) as added by the bill.

No evidence has been presented why poultry packaging should be subject to greater controls than the packaging of other foods and thousands of other consumer commodities. Industry must be free to develop new packaging techniques, free from the requirement of Government premarket approval. If in actual use a package is deemed to be misleading, then appropriate enforcement action can be taken.

I would like to express my appreciation to the committee for this opportunity to testify on this important legislation. If you have any questions, I will do my best to answer them.

(The proposed revision of sec. 11(b) of H.R. 15146, submitted by Mr. Dunkelberger, follows:)

PROPOSED REVISION OF SECTION 11(b) OF H.R. 15146

SEC. 11(b). The following classes of persons shall maintain such records and for such period of time as are specified by the Secretary in regulations adopted pursuant to this subsection and shall, upon presentation of a search warrant by a duly authorized representative of the Secretary, afford such representative access to their places of business and opportunity to examine the facilities, inventory and records designated in such warrant, to copy any records designated in such warrant, and to take reasonable samples of their inventory upon payment of the fair market value therefor—

(1) Any person that engages in the business of slaughtering any poultry or processing, freezing, packaging, or labeling any carcasses, or parts or products of carcasses, of any poultry, for commerce, for use as human food or animal food;

(2) Any person that engages in the business of buying or selling (as poultry products brokers, wholesalers or otherwise), or transporting, in commerce, or storing in or for commerce, or importing, any carcasses, or parts or products of carcasses, of any poultry;

(3) Any person that engages in business, in or for commerce, as a renderer, or engages in the business of buying, selling, or transporting, in commerce, or importing, any dead, dying, disabled, or diseased poultry or parts of the carcasses of any poultry that died otherwise than by slaughter. The Secretary shall promulgate regulations setting forth specifically what categories of records shall be kept for the effective enforcement of the provisions of this act and setting forth the reasonable terms and conditions under which these records are to be made available to duly authorized representatives of the Secretary, including provisions for representatives of the Secretary to designate, in advance of each inspection, the particular records sought to be inspected and for such representatives to obtain a search warrant designating the records to be inspected in the event that access to such records is denied.

Mr. PURCELL. Thank you very much, Mr. Dunkelberger.

The subcommittee will consider the recommendations you have made in connection with this bill.

Are there any questions?

Mr. Foley?

Mr. FOLEY. Mr. Dunkelberger, in your first two pages of your testimony, I take it that you support the legislation in principle, but it seems to me that the balance of your statement does not support this bill. Are you suggesting that, on behalf of the National Canners Association—under the Wholesome Meat Act and under this bill—requiring business to permit access to records is unconstitutional without a warrant?

Mr. DUNKELBERGER. May I respond to the first point?

It was not our intention at all to undercut support for the legislation. We thought that we could state very quickly for the record, positively and affirmatively, that we support the bill.

Mr. FOLEY. May I suggest—

Mr. DUNKELBERGER. We thought that our support for the legislation was worthwhile, and we do believe that it will be beneficial for the canning industry. We then sought to focus on three provisions of the legislation that we thought could be improved. We thought that was the purpose of the hearing.

Mr. FOLEY. May I suggest you are recommending that the entire section as to process under the Wholesome Meat Act and under this bill is unconstitutional unless it is voluntarily subscribed to by the industry?

Mr. DUNKELBERGER. No, sir.

Mr. FOLEY. On page 8, you state:

It is no answer to say that the Secretary need not insist on his right to inspect all records without limit, but that he may establish that right as a condition of the company's right to ship poultry products in interstate commerce. The Court stated in *See* that it did not reach the question of how the Fourth Amendment prohibition should be applied in those instances where inspection is required prior to operating a business or marketing a product. But the Court's opinion leaves no doubt that the Government can never insist on unlimited search of premises and records without a warrant.

As a matter of fact, you are insisting on that, are you not?

Mr. DUNKELBERGER. We are not insisting on it. We believe that the continuous inspection of the product in the plant, which has been carried on for many years, is constitutional and, if ever challenged in the Supreme Court, it would, in all likelihood, be approved. What we are saying is that we do not believe, in the light of what the Supreme Court has said, that you can translate that continuous inspection of the processing operation into an unlimited right of access as to all of the records of the business in the plant.

Mr. FOLEY. I take it then, that you are not objecting to any physical inspection of the plant?

Mr. DUNKELBERGER. Yes, sir; we see no difficulty with plant inspection under the Supreme Court decision. We feel that under the *See* decision, which we have referred to, the right of inspection prior to operating in interstate commerce is consistent with the dictates of the fourth amendment.

Mr. FOLEY. The plant is under continuous inspection—

Mr. DUNKELBERGER. Excuse me—which prohibits unlimited inspection of records or premises.

Mr. FOLEY. You mean the physical plant by "premises."

Mr. DUNKELBERGER. We mean all premises which would include records and documents and files—all.

Mr. FOLEY. When you say premises and records, are you distinguishing between "premises" and "records"?

Mr. DUNKELBERGER. Yes, sir.

Mr. FOLEY. Does "premises" means the physical plant?

Mr. DUNKELBERGER. Yes, it does.

Mr. FOLEY. You think that unlimited right to continued inspection of the physical plant is constitutional? Do you think that?

Mr. DUNKELBERGER. "Unlimited right," I am not sure. I think, certainly, some right may exist if a company wishes to operate in interstate commerce, if it is subject to continuous regulation.

Mr. FOLEY. I think that is correct. In other words, one has only to operate in interstate commerce and the power of the Government is then constitutional in insisting on full inspection of the premises as a condition of doing business in interstate commerce?

Mr. DUNKELBERGER. On the other hand, the Supreme Court made it clear in its decision that there should not be any forced inspection of records at all. The Supreme Court stated that the agency should obtain an inspection warrant whenever any company denied inspection.

Mr. FOLEY. Do you mean to say that you would insist on a search warrant by the inspector to come on the premises, that inspecting the plant can require that, and that they could not do so without such warrant?

Mr. DUNKELBERGER. That question has not been resolved. It could probably be resolved in favor of inspection of the premises.

Mr. FOLEY. I agree with you.

Mr. DUNKELBERGER. I also strongly——

Mr. FOLEY. It is deliberately misleading in that regard.

Mr. DUNKELBERGER. We have not intentionally done so. Our entire statement is focused on records and the inspection procedure of section 11(b) which does not go to any provision in title I relating to continuous inspection——

Mr. FOLEY. What do you fear? What records are you concerned with that are going to be unnecessarily probed by the Federal Government?

Mr. DUNKELBERGER. I only fear——

Mr. FOLEY. In this legislation?

Mr. DUNKELBERGER. Our only fear, Mr. Foley, is for an orderly procedure on the part of the Government agency in regulating any company in interstate commerce, and we believe that the Supreme Court has said it is orderly procedure for the inspector to designate which records he wants to see when he comes to the plant; that is, for the Government to so designate. The avenue is completely open, as we read the Supreme Court decision. But, they must say what records they want to see.

Mr. FOLEY. I know what your position is. What I am asking is: How does the industry fear it will be harmed by such inspection? Does it fear a Government fishing expedition into its records? Do you fear that?

Mr. DUNKELBERGER. We do not believe that is the case. We specifically state that.

Mr. FOLEY. What are you afraid of?

Mr. DUNKELBERGER. We just said that the constitutional rights should be available and should be observed.

Mr. FOLEY. Are you trying to protect the general public's rights and the civil rights of the industry, such as the American Civil Liberties Union does?

Mr. DUNKELBERGER. We do not believe that you have to be a member of the American Civil Liberties Union to try to assert the application of a constitutional right when the Supreme Court has fully asserted it is available, and we are not speaking on behalf of the general public. We are speaking on behalf of the poultry canner.

Mr. FOLEY. That is what I am trying to get at. We have had people from various industries pleading as to constitutional rights, and that is perfectly all right. You had some concern about the particular application of a Government power. You are afraid for some reason that it will be abused. That is all I am asking about. Are you afraid that it will be abused?

Mr. DUNKELBERGER. We have no evidence that it will be abused, that the Poultry Inspection Division would, in fact, abuse their authority either in rulemaking or in inspection. We believe in terms of orderly Government, within the terms of the Constitution. We believe

that fair rulemaking procedure should be included in this modernizing of the statute. It seems to me that it is not too much to ask in modernizing that statute that you observe the Constitution, and an orderly rulemaking procedure. I do not believe——

Mr. FOLEY. The committee and the Congress and the administrative branch should be able to make its own decision as to the constitutionality of any measure.

Mr. DUNKELBERGER. That is why we are here. We are asking you to do that.

Mr. FOLEY. Will you tell me in what way you think this power is going to lead to an abuse of the fourth amendment?

Mr. DUNKELBERGER. We have no reason to believe that the agency will, in fact, abuse it. We do believe it is important to write in those safeguards which the Supreme Court has announced.

Mr. FOLEY. Did you testify on the Wholesome Meat Act?

Mr. DUNKELBERGER. Not on the House side, no, sir; we did in the Senate.

Mr. FOLEY. What was your testimony with reference to this?

Mr. DUNKELBERGER. Our testimony was the same on the three points.

Mr. FOLEY. Why did you not testify over here?

Mr. DUNKELBERGER. Because at that time we thought the main concern was for the meat industry. It was only after the bill came out of the House committee with these three points in it, that we thought it was worthwhile—since they had not been picked up at that time—to bring them to the attention of the Senate, and in the Senate we testified before the Senate committee.

Mr. FOLEY. You did not testify here because you felt that the legislation was quite all right for the National Cannery Association. You were not concerned about the civil liberties of the meat industry, but now you are concerned about the civil liberties of the cannery. I should like to know what has changed your mind.

It is not with reference to anything like that, you say. It is just with reference to the general constitutionality of the statute. But the constitutional probity of the statute must have been in question when it affected the meat industry? Why were you not here to testify on behalf of these constitutional principles then?

Mr. DUNKELBERGER. We did so testify before the Senate committee, I have just stated.

Mr. FOLEY. But not in front of the House committee. That is my question.

Mr. DUNKELBERGER. That is right; we did not. We really did not get our position developed quickly enough to get in a statement to the House committee.

Mr. FOLEY. It was not because of any questions raised about poultry in the canning operations, was it?

Mr. DUNKELBERGER. No, sir; we felt——

Mr. FOLEY. The fact that legislative deliberations about the Meat Inspection Act raised questions about conditions in some canning factories in the United States had nothing to do with you?

Mr. DUNKELBERGER. We testified before the Senate committee right in the midst of that. That was not our concern. The canning plants that are members of the National Cannery Association have been subject to Federal inspection, whether meat-canning operations, or other-

wise, and the same can be said for poultry. We have endorsed this legislation; we have endorsed the poultry and meat acts. We believe they are desirable for the industry, and the consumer.

Mr. FOLEY. Well, Mr. Dunkelberger, I should like to see the National Canners Association support food-inspection legislation sometimes—as the association does in the first three pages of its testimony and in the last several pages.

Mr. PURCELL. Are there any other questions?

Mrs. May?

Mrs. MAY. Mr. Dunkelberger, I would like to state that I—and, I believe, others of my colleagues, feel that we are not dealing here with personalities, persons or individuals, but a very important part of statutory law. We have all to realize that whatever we pass here we will probably have to live with for the next 60 to 100 years, long after most of use in this room are gone. I would like to have you comment again: Was not the point that you were discussing raised by responsible Members of both the House and the Senate during the passage of the Wholesome Meat Act?

Mr. DUNKELBERGER. Yes, Mrs. May. During the Senate debate, the sponsors of the bill in the Senate recognized the point and specifically stated that there would be, or they thought there should be, rulemaking by the Secretary to specify which records should be available. The Conference report specifically so stated, and the Chairman of this subcommittee specifically stated on the floor of the House that there were perhaps constitutional difficulties raised by the extremely broad language in the meat inspection bill. We thought it was not inconsistent with those expressions and understandings to have the poultry bill classified on this point.

Mrs. MAY. The point of your statement is to suggest modifying language in the bill directed to the problem of recordkeeping; that is what you have in mind?

Mr. DUNKELBERGER. That is precisely correct. That is, the record inspection provision in the statute should be modified. The Congress should make it clear what is constitutionally required; it should not be left fully up to the Secretary.

Mrs. MAY. Thank you.

Mr. PURCELL. Mr. Dow?

Mr. Dow. Mr. Dunkelberger, following along Mr. Foley's comments, I do not want to belabour the issue, but I think that it is an important point and deserves more laboring.

On page 5 of your testimony, at the bottom, you state:

"The Court held that Fourth Amendment prohibition against unreasonable search and seizure extends to governmental inspections of residential and commercial property. In those decisions the Supreme Court condemned warrantless compulsory inspection of business establishments and held that a business proprietor can legally refuse to admit a Government inspector unless he is armed with a search warrant."

I think we all agree that inspection by Government officials is a commonplace thing in industry all over the country for a great many businesses, not only food inspection, not only meat and poultry inspection, but inspection for purposes of safety, inspection for purposes of compliance with labor regulations, and a great many others we can think of. I just want to have it clear in my mind: Are you suggest-

ing here that every form of inspection by the Government of commercial premises is founded on the information of the proprietor and that there is no constitutional right whatever for inspection under our Constitution?

I should like to know about this, because I think it opens up an immense theater of problems.

Mr. DUNKELBERGER. Mr. Dow, the Supreme Court has made it clear in perhaps hundreds of cases that there is clearly a constitutional right on behalf of the State government or the local government or the Federal Government to carry out inspections of business establishments in order to insure that there is effective enforcement of the fire codes, municipal codes, health codes, and numerous Federal and regulatory statutes.

The Supreme Court did not lessen that authority of the right to make an inspection. All it said was that the individual citizen as well as the business enterprise does have the right to have this question of the Government's authority to inspect resolved in the first instance before a commissioner or a judge. So, all I said was that if there is denial—and the Supreme Court made it clear that it did not expect there to be many denials, and it is our anticipation that most inspections would be permitted without denial—but is there is a question of the authority of the inspector, then the inspector is obliged to obtain an inspection warrant.

Mr. FOLEY. Will you yield?

Mr. Dow. Yes.

Mr. FOLEY. The court clearly distinguished between those inspections which are not required, such as the food and drug inspections under the Cosmetic Act where the inspection is required for operation in interstate commerce. Is not there a clear distinction?

Mr. DUNKELBERGER. We specifically recognized that and quoted that part of the decision. We referred to that in our statement.

Mr. FOLEY. You were just confused in your answer to Mr. Dow? You made a distinction there.

Mr. DUNKELBERGER. The Supreme Court did not make the distinction until the end of its opinion. I was trying to finish my statement to point out that the court did not reach the question—it specifically said that it did not reach the question of those instances where inspection is required prior to operating a business or marketing a product.

Mr. FOLEY. If you will yield for one more question.

You give one page of the opinion for that kind of an inspection, and you spend pages and pages on the Food, Drug, and Cosmetic Act on inspection. And we are not talking about that; we are talking about the former.

Mr. DUNKELBERGER. With all due respect, I do not think that is correct. We talk about section 11(b) of H.R. 15146. If you will address your attention to that, you will see that a great percentage of the categories of persons that are mentioned in that provision do not have continuous inspection. Some do and some do not. The provision that we are talking about is access to records, a new authority that has never been specifically in the statute before. We make it very clear we are not challenging—

Mr. FOLEY. Do you think that the Congress has the authority to place those particular operations under inspection?

Mr. DUNKELBERGER. The Congress has the right to place any commercial enterprise, if it deems it desirable, in interstate commerce or affecting interstate commerce, under continuous inspection.

Mr. FOLEY. But it does not have the right continuously to inspect the rest?

Mr. DUNKELBERGER. That is correct. That is my understanding of the Supreme Court's decision. I believe that is what the Supreme Court has said. I think that is what the court of appeals has reaffirmed. And FDA recognizes that it applies to records under the Food and Drug Act, which regulates companies in interstate commerce. We can find no Supreme Court decision—none at all—in which the courts have ever said that a Federal inspector has the right to walk into any company in interstate commerce and go through its records willy-nilly. It says that it is too much of a burden, too costly, and it is not permitted by the fourth amendment.

Mr. FOLEY. As to continuous business inspections: Do you think that the inspectors have the right to look at the records to establish those rights?

Mr. DUNKELBERGER. That is exactly our point. We do not believe they have.

Mr. FOLEY. What if a fire inspection is required?

Mr. DUNKELBERGER. That specific question, of course, has not reached the Supreme Court.

Mr. FOLEY. If it would seem appropriate to the Congress to require such a continuous inspection of the records, in a business requiring a fire inspection of its plant to do business in interstate commerce, do you see any reason why we should not pass such legislation?

Mr. DUNKELBERGER. We believe the court has specifically reached that issue. It makes clear that a continuous and unlimited access to records is not permitted. We are urging this position.

Mr. FOLEY. That is your legal interpretation, that the Court has not yet reached that question?

Mr. DUNKELBERGER. With respect to a company that is under continuous physical inspection?

Mr. FOLEY. That is right.

Mr. DUNKELBERGER. It has not, as to the question of records.

Mr. FOLEY. We will take the question where the company is under continuous physical inspection, the court has not reached the question whether its records may be subjected to continuous inspection?

Mr. DUNKELBERGER. There might be some cases that go into that point.

Mr. FOLEY. You do not think that there are any cases?

Mr. DUNKELBERGER. That is correct.

Mr. FOLEY. At the present it is moot—at the present time?

Mr. DUNKELBERGER. Certainly, and a lawyer must look at the decisions that are there.

Mr. FOLEY. If you were a Member of the Congress and you were favorably disposed to extend the act in a direction where the Supreme Court had not ruled such an extension unconstitutional, would you not be in favor of doing so?

Mr. DUNKELBERGER. If I were a member of Congress, it would be my responsibility, as you have told me it is your responsibility, to interpret

the Constitution the same as the judicial branch. I would think that I would so interpret the Constitution.

Mr. FOLEY. Do you think the Supreme Court is going to reach that position?

Mr. DUNKELBERGER. If you, as an individual, disagree with my interpretation, it is your decision. We are trying to say what we believe on that point.

Mr. FOLEY. You are not suggesting that the Supreme Court has ruled in such a case and that such ruling is presently *res judicata*?

Mr. DUNKELBERGER. On the question of a company that has continued physical inspection of its business, whether that company must also permit complete access to all of its records, the Court has not reached it as I recall. But that case, to my mind, is indistinguishable from the cases that it has decided.

Mr. FOLEY. I just wanted to get the facts on this.

Thank you.

Mr. Dow. I understood, on this point, that you stated that the Court stated in the *See* case that it did not reach the question of how the fourth amendment prohibition should be applied in those instances where inspection is required prior to operating a business or marketing a product.

Judging by the quotation from the *See* case, Mr. Dunkelberger, I judge from that quotation that every form of inspection, you might say, is unconstitutional, based not only on the permission of the owner—and that to me would be a misreading of it. Can you tell me whether this ruling in the *See* case applies to all of such inspections or to any one of these three named and not to the other?

Mr. DUNKELBERGER. Mr. Dow, the Supreme Court did not hold that you could only have inspection on voluntary assent. It was held that the Federal Government could obtain an inspection warrant to hold the inspection that it deemed necessary. The sole question is that a warrant is needed. The Supreme Court did hold under *See* and *Camara* that a warrant is needed.

Mr. Dow. You are suggesting that in every case a warrant is needed because that is the ultimate constitutional protection? It that what you are saying?

Mr. DUNKELBERGER. I said that is the case for the type of inspection in *See* and *Camara*, that is, periodic inspection of the physical premises to determine whether there is compliance with the law.

As noted on page 8, the Court stated in the *See* decision that it did not reach the question of how the fourth amendment prohibition should be applied in those instances where inspection is required prior to operating the business or before marketing a product. So, we have the open question under the Supreme Court decision of whether the in-plant inspection of the premises, which has been carried on for 60 years under the Meat Inspection Act, and 10 years under the Poultry Inspection Act, may be carried on without a warrant. The Supreme Court left the door open. Continuous physical inspection of the plant is, perhaps, a different case than was raised in *See* and *Camera*. Perhaps you did not need an inspection warrant to carry on that type of inspection when it is a necessary prerequisite to the marketing of products in interstate commerce.

Mr. Dow. Did the Supreme Court distinguish between continuous physical inspection and inspection of records?

Mr. DUNKELBERGER. No, sir. It did rely on a number of cases which involved access to records, and it did state that it believed that before you could get access to records you should have a designation of which records are desired to be seen and a search warrant or a subpoena, if there is a denial of a right to see those records.

Mr. Dow. Thank you, Mr. Dunkelberger.

That is all, Mr. Chairman.

Mr. PURCELL. Are there any other questions?

Mr. Zwach?

Mr. ZWACH. Mr. Dunkelberger, just one brief statement.

I think that all citizens should be commended when they express concern about such questions as basic rights and should express vigilance in reference to them. I think that is the way that we preserve our rights. Vigilance is the price of liberty.

Mr. DUNKELBERGER. Thank you very much. I appreciate that.

Mr. PURCELL. Thank you very much, Mr. Dunkelberger.

We will now call on Mr. John C. Lynn, of the American Farm Bureau Federation, who is accompanied by Mr. A. William Jasper, manager of the Poultry Division of the American Agricultural Marketing Association.

STATEMENT OF JOHN C. LYNN, LEGISLATIVE DIRECTOR, AMERICAN FARM BUREAU FEDERATION; ACCOMPANIED BY A. WILLIAM JASPER, MANAGER, POULTRY DIVISION, AMERICAN AGRICULTURE MARKETING ASSOCIATION, CHICAGO, ILL.

Mr. LYNN. Mr. Chairman and members of the subcommittee.

Thank you very much, Mr. Chairman.

We appreciate the opportunity to appear before this subcommittee with regard to legislation to amend the Poultry Products Inspection Act.

The growth of the poultry industry in the United States has been one of the real technological revolutions in agriculture during the past two decades. The broiler industry has grown at a very rapid rate, and in many areas ranks No. 1 in farm income. Broiler growers and contractors (including feed companies and processors) have done an excellent job of providing consumers with a wholesome, well-packaged product at a relatively low cost; and as statistics will reveal, housewives have responded by increasing their purchases of broilers at a phenomenal rate.

The U.S. Department of Agriculture has done an excellent job under the present Poultry Products Inspection Act. Approximately 87 percent of U.S. poultry slaughter already is subject to Federal inspection. About 10.9 billion pounds were federally inspected in 1966 in some 900 poultry processing plants.

The Farm Bureau is for continuing the great program that has been made in developing and marketing the highest possible quality poultry products. We should recognize that some States have done a fine job in establishing standards for poultry products and have done exceedingly well in cooperation with the industry in bringing about a continuous improvement in the quality of the poultry being offered

for sale. The Federal Government can and should assist the States in this very important endeavor.

The two bills before the subcommittee are quite similar in their primary objective; however, I believe that H.R. 15154 by Mr. Poage would accomplish the desired objective and also preserve and strengthen State poultry inspection systems. Therefore, we support the basic provisions of H.R. 15154.

We do, however, recommend that a clarifying amendment be inserted at the appropriate place to require that poultry processors lot growers' birds separately and provide each grower with a copy of all inspection reports with respect to his poultry.

We believe that the enactment of H.R. 15154 would encourage State inspection agencies to equal the Federal standards outlined in the bills before the subcommittee. We believe these results can be attained without having the long arm of Federal law reach down to the local and community level. The voluntary approach contained in the Poage bill would accomplish this objective by providing an incentive to the States to maintain and improve poultry inspection systems. There is a danger that the approach proposed in H.R. 15146 would encourage States to abdicate their responsibilities in this regard. If we are to have the highest possible quality food—and this is our desire—the cooperation of the States will be required. We are not likely to get the kind of cooperation that is needed by threatening the States with a Federal takeover of their responsibilities.

Farm Bureau has a very vital interest in the poultry industry and we will continue to work for improvements in developing this industry to the end that poultry growers and contractors can increase their net incomes. This can best be accomplished by providing consumers with the highest quality poultry products at reasonable prices with a minimum of Government interference.

Mr. PURCELL. Thank you, Mr. Lynn.

Are there any questions of Mr. Lynn?

Mr. Foley?

Mr. FOLEY. Mr. Lynn, did you take a similar position with respect to the Wholesome Meat Act?

Mr. LYNN. We supported the House bill.

Mr. FOLEY. You were opposed to the decision of the Congress in passing unanimously the Senate bill; is that correct?

Mr. LYNN. No, sir. We put forth our views in the House and in the Senate and thought that the House bill, which was finally adopted by the House, was the correct approach to the red meat inspection law.

Mr. FOLEY. You were opposed to the final results?

Mr. LYNN. No, sir; we were not.

Mr. FOLEY. You would oppose the results here if the House again rejected the voluntary approach but required a mandatory approach?

Mr. LYNN. I think that we would not, but we simply point out that there is no use in pushing the panic button with regard to the poultry inspection law. The States are doing a good job. We recognize there are 33 States that do not have poultry inspection laws.

Mr. FOLEY. How can you say that they are doing a good job, then?

Mr. LYNN. I have seen no evidence—there has been no evidence presented here that there are unwholesome broilers being put on the market.

Mr. FOLEY. You cannot really say that the States are doing any kind of a job, if they do not have a poultry inspection act—whether they are doing a bad job or no job at all?

Mr. LYNN. They are doing a good job.

Mr. FOLEY. When 33 States do not have an inspection system, that is a good job?

Mr. LYNN. We wish they did have poultry inspection systems, but what evidence do we have that they are not doing a good job even without a law.

Mr. FOLEY. Where they do not have an inspection law?

Mr. LYNN. Because they don't have a law does not necessarily mean that they are marketing unwholesome chickens.

Mr. FOLEY. Well, if there are not, is it not the fault of the States that they do not have inspection laws?

Mr. LYNN. Well, I think it illustrates that you do not necessarily have to have a law for everything that has to turn out good. I contend that the broiler producers and the chicken producers of the United States are doing an excellent job in the States that have inspection laws and in the States that do not have an inspection law.

Mr. FOLEY. I did not ask you that. They may be doing a good job. We are talking about what kind of a job the States are doing.

Mr. LYNN. They are doing a good job.

Mr. FOLEY. When there are 33 States where there is no poultry inspection, are they doing a good job? Is that correct?

Mr. LYNN. Right. I would like to know of any evidence that they are not.

Mr. FOLEY. Are you saying that for the record?

Mr. LYNN. Everything I say is for the record.

Mr. FOLEY. And you are saying of the 33 States where there is no State poultry inspection system, that these States are doing a good job, to assure the wholesomeness and the quality of the chickens that are moving intrastate?

Mr. LYNN. The States that have inspection laws and the States that do not have inspection laws can all improve on the methods being used, but I am simply saying that the States that do not even have a poultry inspection law, in most cases, are doing a good job.

Mr. FOLEY. Doing a good job of what?

Mr. LYNN. Of turning out a wholesome broiler.

Mr. FOLEY. The State government is not raising broilers.

Mr. LYNN. The farmers are.

Mr. FOLEY. I know. Why do you say the States then?

Mr. LYNN. The Federal Government is not going to raise broilers under your bill either. [Laughter.]

Mr. FOLEY. No, sir; they are going to inspect them.

Mr. LYNN. That is right.

Mr. FOLEY. The States are not doing it. I should like to ask you, specifically—and this is what I am trying to get at—would the American Farm Bureau vote for these poultry acts if they included mandatory programs, or would it vote against them?

Mr. LYNN. Our position is that the voluntary is preferable. We will have to make a decision, as to our support of the final bill as we did in the case of the red meat inspection. We debated as to whether to send a wire to you, for example, to reject the conference report. We decided not to.

Mr. FOLEY. Did you support the conference report?

Mr. LYNN. We did not object to it.

Mr. FOLEY. You were neutral?

Mr. LYNN. You could say that. If you did not receive that communication, I guess you will have to say that.

Mr. FOLEY. You seem to be reluctant about your position with regard to the inspection of poultry for wholesomeness.

Mr. LYNN. As producers we are for clean meat, the very best that can possibly be produced. This is our position with regard to poultry meat.

Mr. FOLEY. Everybody is for clean meat. I have found there is nobody otherwise. We are talking about legislation.

Would you support—

Mr. LYNN. We stated our views.

Mr. FOLEY. You do favor the Wholesome Meat Act?

Mr. LYNN. Oh, yes, sir.

Mr. FOLEY. Thank you.

Mr. PURCELL. Are there any other questions?

If not, we thank you very much, Mr. Lynn.

We will now call on Mr. Albert J. Russo, of Chickadee Farms, Inc., president of the Northeastern Poultry Producers Council, who is accompanied by Richard Ammon, Northeastern Poultry Producers Council.

STATEMENT OF ALBERT J. RUSSO, PRESIDENT, NORTHEASTERN POULTRY PRODUCERS COUNCIL; ACCOMPANIED BY RICHARD AMMON, NORTHEASTERN POULTRY PRODUCERS COUNCIL

Mr. Russo. Mr. Chairman and members of the subcommittee, my name is Albert J. Russo. I reside in Hope Valley, R.I., where I am engaged with my father and two brothers in the operation of Chickadee Farms, Inc. We have a flock of 40,000 laying hens producing table eggs, a large flock of breeder hens producing hatching eggs and raise several thousand broilers, capons, and turkeys each year. We operate a processing plant for the meat birds. We market, mostly at retail, all our own production of eggs and meat, operating seven refrigerated store-door trucks over a dozen retail routes each week.

I am here today as president of the Northeastern Poultry Producers Council, more commonly known as NEPPCO, a voluntary, nonprofit trade association representing all facets of the poultry industry in the 14-State area encompassing Maine, Ohio, West Virginia, and Virginia.

Many of our producer members slaughter and dress their own poultry for sale direct to consumers in their immediate areas. In our organization we also have over 100 turkey growers, practically all of whom slaughter and retail locally the birds they raise. In fact, I believe the Northeastern States we represent have more of these small producer-processors than any other area of the Nation.

NEPPCO was one of the poultry organizations that worked for the passage of the Poultry Products Inspection Act in 1957. Today, as in 1957, we believe it to be the industry's responsibility to insure by every means at its disposal that all poultry and poultry products offered for sale for human consumption be wholesome, properly

labeled, and properly packaged. As we understand the several bills being considered by the subcommittee, they, too, have that as their basic objective.

While the approach to achieving that objective differs somewhat between Mr. Morton's bill, H.R. 14741, and Mr. Purcell's bill, H.R. 15146, we believe both would be effective in further protecting the health and welfare of consumers by inspecting and regulating poultry and poultry products moving solely in intrastate commerce which, until now, have been exempt from regulation under the Poultry Products Inspection Act.

Section 15(a) (1) of the Poultry Products Inspection Act exempts producer-processor-retailers such as myself and the many hundreds like myself in the Northeast. H.R. 14741 would continue that exemption while H.R. 15146 would remove it. It is this question of removal or retention of this particular exemption that concerns us.

Let me reiterate here that we favor inspection and would, indeed, welcome inspection by either State or Federal inspection services. To be able to add an official inspection seal or mark to our labels and carry such a legend in our advertising would eliminate one disadvantage we now face in competing with retailers who handle only inspected poultry.

Whether such inspection would actually result in a better, more wholesome product is quite another matter. We have no scientific, technological, or market research to back up our contention, but we do have many thousands of satisfied housewives.

Why is it that a housewife will frequently drive many miles out of her way and pay a premium price for poultry when she could have picked up an attractively packaged and inspected bird for less money when she did her weekly grocery shopping at her supermarket?

The answer is that she is fussy about the quality of the poultry she buys. She wants a locally grown and freshly killed bird and she likes to see for herself how it was grown and slaughtered and prepared.

While the largest part of our business is door-to-door sales, most of our customers have visited our farm at one time or another and the success of our business lies in producing a better quality product and offering better service than our chainstore competitors. For this, we ask for and receive a better price. It follows, therefore, that we would be out of business in a hurry if we sold anything less than the most wholesome of product or relaxed our strict quality control procedures at any point in the production or processing of our products.

However, we have a small plant compared to our inspected competitors. Most weeks of the year, we slaughter less than 2,000 birds. The majority of NEPPCO's turkey-grower members raise less than 15,000 birds a year and slaughter most of them in the last 3 or 4 months of the year. Obviously, their dressing facilities are quite small. Much of the slaughtering is done in the evenings and over weekends—except for the periods immediately preceding Thanksgiving and Christmas when these plants operate 12 to 16 hours a day—and a lot of the work is done by hand.

These small producer-processors do not fear inspection; they fear that the regulations promulgated to enforce such an act will require the remodeling of their dressing or processing facilities at such a cost

as to force them out of business. Their present regulations under the Poultry Products Inspection Act dealing with "Sanitary Requirements General" and "Maintenance of Sanitary Conditions and Precautions Against Contamination of Products" are a case in point. They were written to apply to large plants—at least, much larger plants than those to which I have been referring. Small operators like myself could not satisfy these requirements without extensive renovations and the installation of expensive equipment.

Another consideration is the cost of the inspection service itself. At present, the Federal Government pays the cost of inspection performed during normal working hours. When inspectors are required to work overtime or on holidays, the user of the service is required to pay for it at the rate of \$7 an hour per inspector. As I have already pointed out, most small producer-retailers dress their birds at times of the day which would be considered overtime for the inspectors. They do this not by choice, but out of necessity because during the day they must care for their flocks and make deliveries. Turkey producers, on the other hand, must process their birds during the few weeks immediately preceding Thanksgiving and Christmas. Both groups, therefore, would be forced to pay for most of their inspection work and this would materially increase their costs. In my own case, inspection costs alone could, at times, wipe out most or all of my profits.

We, therefore, solicit the consideration of the subcommittee and of Congress in retaining in whichever bill may finally be adopted the exemptions currently contained in section 15 of the Poultry Products Inspection Act of 1957. Section 15, it should be noted, does not authorize broad, blanket exemption from the provisions of the act but rather is narrow and limited in scope. Exemption is conditioned upon such sanitary standards, practices, and procedures as the Secretary may prescribe. In addition, the Secretary may, by order, suspend or terminate any exemption whenever he finds that such action will aid in effectuating the purpose of the act.

Both Congress and the executive branch of the Federal Government have over the years repeatedly expressed concern for and support of small business and the family-type farmer. Both have been characterized as the backbone of our economy. Special agencies of Government have been established to aid, encourage, and protect the small businessman and farmer. Yet all too frequently this same Government enacts laws and establishes regulations—however well intentioned they may be—which in effect drives the small operator out of business or into a merger with one of his larger competitors.

In this particular instance, it is our considered opinion that retention of the exemptions as currently enumerated in section 15 of the Poultry Products Inspection Act of 1957 would pose no hazard or danger whatsoever to the health and welfare of the consuming public, but would materially help to keep the producer-processor-retailer of poultry in business.

Mr. Chairman, may I express to you and to the members of your subcommittee, my personal gratitude as well as the gratitude of NEPPCO and its poultry-producer members in the Northeast for this opportunity to express our views and opinions on this important subject.

Mr. PURCELL. Thank you very much, Mr. Russo.

Are there any questions of this witness?

Mr. FOLEY?

Mr. FOLEY. Mr. Russo, on page 3 of your testimony you say, and I quote:

These small producer-processors do not fear inspection.

Is that correct?

Mr. Russo. Yes.

Mr. FOLEY (continuing):

"They fear that the regulations promulgated to enforce such an act will require the remodeling of their dressing or processing facilities at such a cost as to force them out of business. The present regulations under the Poultry Products Inspection Act dealing with "Sanitary Requirements General" and "Maintenance of Sanitary Conditions and Precautions Against Contamination of Products" are a case in point

You do not think that you can meet those regulations?

Mr. Russo. That is right. I think that the cost of meeting some of these regulations—that our capital investment would force a lot of our members out of business

Mr. FOLEY. Are not capital investments related to sanitary requirements and the making of sanitary conditions and the prevention of contamination of products?

Mr. Russo. Yes, sir. We have the basic sanitary requirements in our plants.

Mr. FOLEY. It is the regulations that you are objecting to. Are they not related to maintaining sanitary conditions?

Mr. Russo. I believe they are.

Mr. FOLEY. You do not think that you can maintain sanitary conditions?

Mr. Russo. Yes, we can maintain sanitary conditions.

Mr. FOLEY. Can you meet the regulations?

Mr. Russo. We cannot meet the regulations as spelled out in this.

Mr. FOLEY. The sanitary regulations are appropriate if they are necessary to maintain sanitary conditions. You say you can meet sanitary conditions. But you cannot meet these regulations. Thus you claim the regulations are not appropriate. But, if they are appropriate, why can't you meet sanitary conditions?

Mr. Russo. Well, the point that I was trying to bring out is that the regulations for sanitary conditions under this law were designed to cover the larger plants.

Mr. FOLEY. Please expand on that statement.

Mr. Russo. For example, a larger plant, one of the capital investments that I am thinking of concerns the turkey men, particularly. They hire a large crew, especially around the holidays. One regulation stipulates that they have to have a separate lunchroom. We feel that we can have our lunch and still be sanitary and not have another room. They will go into a different room, say the office on these small farms, or into the owner's home, for example. They are very sanitary places.

Mr. FOLEY. That is exactly it.

Mr. Russo. I believe that it is spelled out that we have to have this type of a requirement.

Another thing——

Mr. FOLEY. Did you discuss that with the Federal Inspection Service, that they had to go outside of the plant to eat lunch, and if they do so they will be out of compliance?

Mr. RUSSO. I do not believe there would be a serious offense here.

Mr. FOLEY. Tell us then, what is the burden of the regulations?

What kind of equipment do you have to buy? What kind of construction that is not related to sanitary conditions—wholly unrelated to such conditions?

Mr. RUSSO. I did not understand that—the question. One thing that concerns my own plant, personally—I cannot speak for individual plants, although they have similar problems, but the chilling process for poultry, we use shaved ice, and we do not have the rotational equipment where you put the birds in and rotate the birds so that you cool them down to a specific temperature—I believe it is 32°. We have this large vat in which we place our birds after they are dressed. These large vats cost about \$100, but this rotation mechanized chilling equipment runs into thousands of dollars. We feel that we are putting out an adequately chilled product. It ends up ice-packed, but we do not have the volume to buy this larger equipment.

Mr. FOLEY. But the purpose of chilling them down is to prevent contamination and decomposition?

Mr. RUSSO. That is true.

Mr. FOLEY. It is related somewhat?

Mr. RUSSO. It is related, but we feel that we are accomplishing this with the ice. The ice plus the vat does not come anywhere near the cost of this mechanized equipment.

Mr. FOLEY. If a business could not afford to install equipment or to construct facilities which are necessary to have sanitary enforcement, should they not be put out of business?

Mr. RUSSO. I agree with you there.

Mr. FOLEY. Thank you.

That is all, Mr. Chairman.

Mr. PURCELL. Mr. Wampler?

Mr. WAMPLER. Mr. Russo, does Rhode Island have a poultry inspection law?

Mr. RUSSO. Yes, under the department of health. We are inspected by these health specialists. They are not regularly on our lines, but I would say that they make monthly inspections.

Mr. WAMPLER. Do you feel that most poultry products that are processed in your State are wholesome?

Mr. RUSSO. That is what we think. We are trying to sell these products at a premium price. The average price for poultry in the Northeast is around 29 cents, that level. We are trying to come out with a 49-cent price or a 39-cent price, because we are nowhere near as efficient as the large plants, but we do not feel that we should be regulated against because we are not efficient. If we can turn out a superior product, we feel that we should remain in business.

Mr. WAMPLER. I certainly agree with you.

Mr. PURCELL. Mr. Myers?

Mr. MYERS. I do not serve on this subcommittee, but we raise a lot of turkeys in my district in Indiana.

Do you have inspections by the State of your operations?

Mr. RUSSO. The State of Rhode Island has a department which, I believe, inspects the plants as well. This group have under their jurisdiction such places as restaurants, hotels, and the like.

Mr. MYERS. I mean, your butchering operations.

Mr. RUSSO. They come in and out. They are not there every day.

Mr. MYERS. Do you know of any unwholesome operations in your State now?

Mr. RUSSO. I can truthfully say that I do not know of any.

Mr. MYERS. What protection do you have against diseased birds in your operation?

Mr. RUSSO. I am not sure that I follow you on that.

Do you mean, on the live level, or what?

Mr. MYERS. In the operation; in the Federal operation where they have a Federal inspector, they have a fellow who checks each bird as it goes by. How do you detect the case of a diseased bird?

Mr. RUSSO. Well, we have no technological way of doing any such. We just recognize a grade A bird.

Mr. MYERS. Who does this, the inspector?

Mr. RUSSO. No, one of our men who is putting up our retail orders is doing this.

Mr. MYERS. You do have somebody that inspects the bird?

Mr. RUSSO. That is right.

Mr. MYERS. You do have that?

Mr. RUSSO. Yes.

There is an inspection of the bird all along the line where it could be pulled out.

Mr. MYERS. Your people could pull it out?

Mr. RUSSO. That is right.

Mr. FOLEY. Will you yield?

Mr. MYERS. Yes.

Mr. FOLEY. Does he have any special training for this purpose?

Mr. RUSSO. He has no formal training. In my case, I have two brothers, both of whom are agriculture graduates and are taking the particular courses.

Mr. FOLEY. You would not claim that any of them have any special veterinary training in pathology to detect toxemia, for example?

Mr. RUSSO. I do not believe they could detect that without tests.

Mr. FOLEY. You do not claim any expertise at all along this line?

Mr. RUSSO. None, along those lines.

Mr. FOLEY. Thank you.

Mr. MYERS. What does the bill provide here for experience, so far as the inspection is concerned?

Mr. FOLEY. Federal inspectors are trained.

Mr. MYERS. Have you ever had any complaints?

Mr. RUSSO. No.

Mr. MYERS. From the health department?

Mr. RUSSO. No, sir. We certainly know a sick bird from a healthy one, Mr. Foley. You can tell this. We have one distinct advantage here, I think: When we go to catch these birds to bring them into our small dressing plant, we are handling them alive. We have a shot at them before they get there.

Mr. FOLEY. That is what we were anticipating, that the Federal inspection system would provide that, too.

Mr. Russo. We are already doing that. That is really the secret about the inspection.

Mr. FOLEY. Do you think that the consumers would be satisfied to have the operators do that? Do you think that the operators of the business, doing their own inspection, would raise any conflict of interest problem?

Mr. Russo. I do not think that a good operator who has his business at stake is going to do anything to violate this.

Mr. FOLEY. How about a bad operator?

Mr. Russo. He would not be in business very long, Mr. Foley. He has to depend upon sales. He may fool a housewife once, but she will not come back to him, and he is not—

Mr. FOLEY. You do not feel that we need any food inspection procedures at all; is that correct?

Mr. Russo. No, I did not say that.

Mr. FOLEY. Do you think that all operators can inspect their own products?

Mr. Russo. I think that they can be relied on, but I think that they should have some kind of, either State or Federal, aid along these lines. I think that there is a gray area here where something should be brought up or provided for them to gain the knowledge to put out a uniform pack that the USDA would like.

Mr. FOLEY. Do you think that we ought to provide training courses?

Mr. Russo. Yes; I think that this might prove to be helpful.

Mr. FOLEY. Thank you.

Would you feel that the consumers would be satisfied to know that the operators were doing their own inspection in all of the food industry?

Mr. Russo. Would you mind if Mr. Ammon answered that?

Mr. FOLEY. Would you be satisfied as a consumer if you knew that only the operators of the plants were carrying out inspection procedures in the food industry, such as in the meat and poultry lines?

Mr. Russo. I would like for Mr. Ammon to answer that.

Mr. AMMON. In the State of New Jersey, there is a program similar to this in operation, where the State brings the small operators together for a training school each year.

Mr. FOLEY. I think you can train people. My question is: Do you think that there is such a lack of conflict of interest that the consumer can rely on the operators and the processors of food to do their own inspection? That is inconceivable to me.

Mr. AMMON. We are not saying that exactly. What we are saying, in these cases, is that the small operators that you are discussing are in the kind of a business that their livelihood depends on their maintaining that kind of a business, and they are forced to put out a good product, and you could rely on their judgment in those cases.

Mr. FOLEY. Thank you.

Mr. PURCELL. Mr. Price?

Mr. PRICE. I will answer your question. I am one who believes that this man or a person in a business such as this one certainly is more knowledgeable than the Federal Government is by telling a man how

to run his business to do it better, and whether he is inspecting sufficiently for the consumer, this man handles 40,000 birds, according to his testimony, and I would say that he knows more about it than some fellow who many times has gone to college. I can tell a sick animal by looking at the animal when you work with them every day. I think that is far more factual than the Federal inspector could do it.

Do you feel, Mr. Russo, that the State is capable of administering and applying its own inspection of these birds?

Do you feel that they have to have the Federal Government to do this for you?

Mr. Russo. I feel that in my area we have capable men, either from the department of agriculture or in the health department to do this job. We are already working with the Department of Health in many other places. I have 6,000 breeders which they blood test every year for me, and we have gotten to know these inspectors. We are cooperating with them, many, many times, and have before you passed the Poultry Inspection Act. I think that the local level has to go with this. I think that in a smaller plant the costs would be so prohibitive that the Government would not be too much interested in it.

Mr. PRICE. Do you feel that you are putting out a sanitary product?

Mr. Russo. Yes.

Mr. PRICE. You feel like you are doing a good job in the killing and dressing of the product and that it is working sufficiently well, is that correct?

Mr. Russo. Definitely, yes. We have to, because competition is so keen that if we did not put out—

Mr. PRICE. That is the very point that a lot of people are missing.

Mr. Russo. Competition is our own self-cleansing. It is our best thing.

Mr. PRICE. If it were not a sanitary product, customers would not buy it, and you would be out of business. I can go to a Federal plant today, and you can, too, and find something wrong in a percentage of the products.

Mr. Russo. In our business, it has grown and the volume has been on the increase each year; it has not held steady. It is not going down, but is going up; so, I use this as a barometer as to whether or not we are doing a good job.

Mr. PRICE. Thank you.

That is all, Mr. Chairman.

Mr. PURCELL. Mr. Miller?

Mr. MILLER. Mr. Russo, as you understand, the legislation before us, if you happened to equip your plant differently and pay also for the inspectors, which you designate in some instances that you pay overtime, what would it cost the consumer dollarwise as an increase for this inspection or what would have to be done because of the law, and yet in your case you say that you would not receive a better volume but yet you would pay higher costs. Can you give us an estimation of the costs?

Mr. Russo. That is a very hard question to answer.

I can give you this: We work 16- or 17-year-old high school boys in our dressing plants. They are juniors and seniors in high school, and they work from 3 to 6:30 every night. On Monday, they will be killing chickens that will be delivered on Tuesday, and on Tuesday

they are killing chickens that are delivered on Wednesday. Theoretically—I am assuming this—if I had Federal inspection today, that would end somewhere around 4 o'clock in the afternoon, and for me to have a Federal inspection from 4 to 6 o'clock would cost me \$14—2 hours at \$7 per hour. I put out about 300 birds in this period. This would cost me, I believe if you would figure this out, somewhere in the neighborhood of 12 cents a bird, and if you figure a broiler being an average of 3 pounds, that would come to an average of 4 cents a pound increase.

I do not know if this answers your question or helps you at all.

Mr. MILLER. I was thinking of the whole picture, what you may have to do to your plant in the way of construction and change in order to purchase the type of equipment that you spoke of, where you are now using vats and ice, and when you put the total picture together the consumer somewhat would have to pay a higher price if you are going to stay in business because you must make a profit.

Mr. Russo. I honestly do not know what the exact figure would be, but I know that the remodeling of the plant is oftentimes more expensive than building a new plant from scratch. I could not come up with an honest answer without figuring it out.

Mr. MILLER. But you feel that the consumer would not have a cleaner or better product but that the consumer would pay a higher price for that product?

Mr. Russo. That is true. She would not end up with a better product, but it would make it hard on us. If you increase that cost of production, say, 4 cents a pound, we do not think that we can get any more than 49 cents for the product. We are already 20 cents a pound over the average, so this narrows it down even further, and this is what is going to hurt.

Mr. MILLER. Thank you.

Mr. PURCELL. Thank you very much, Mr. Russo.

The House bells have rung. It will be necessary that we hear the witnesses who were to be heard today the first thing tomorrow. I will repeat what I said earlier, that I will expect that those who are to testify will file their testimony with the staff of the subcommittee not later than 9:30 on that day.

The subcommittee will stand in recess until 10 o'clock in the morning.

(Whereupon, at 12:10 p.m., a recess was taken until 10 a.m., Wednesday, February 21, 1968.)

AMEND THE POULTRY PRODUCTS INSPECTION ACT

WEDNESDAY, FEBRUARY 21, 1968

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON LIVESTOCK AND GRAINS
OF THE COMMITTEE ON AGRICULTURE.

Washington, D.C.

The subcommittee met, pursuant to recess, at 10:05 a.m., in room 1301, Longworth House Office Building, Hon. Graham Purcell (chairman of the subcommittee) presiding.

Present: Representatives Purcell, Jones of Missouri, Stubblefield, Foley, Nichols, Montgomery, Brasco, Mrs. May, Dole, Mayne, Zwach, Kleppe, and Price.

Also present: Representative Dow; Christine S. Gallagher, clerk; William C. Black, general counsel; Hyde M. Murray, assistant counsel; L. T. Easley, staff consultant; and Fowler C. West, assistant staff consultant.

Mr. PURCELL. The subcommittee will please come to order.

Our first witness this morning is Mr. Lawrence Dean of Dean's Turkey Farm, Morrice, Mich.

We will be glad to hear from you at this time, Mr. Dean.

STATEMENT OF LAWRENCE DEAN, DEAN'S TURKEY FARM, MORRICE, MICH.

Mr. DEAN. Mr. Chairman, ladies, and gentlemen, I am Lawrence Dean, representing Dean's Turkey Farm of Morrice Mich., on the subject of the Poultry Inspection Act or Acts.

I am deeply concerned over proposed legislation now before your committee regarding compulsory poultry inspection.

Our operation entails the dressing of turkeys primarily for a select clientele at the farmers market in Flint, Mich., cutting parts and making turkey rolls and further processing of turkey meat and parts to cook products, of which we have some 25, including pies, roasted rolls, barbecue steaks, sausage, and so forth. This has been built up over the past 20 years, 15 of which have been at the Flint market.

I, personally, have had a poultry meat inspection short course at Michigan State University, and I supervise all phases of this fresh-dressed turkey operation. This requires fresh-dressed turkey for 3 market days each week of the year. At holiday season, additional turkeys are purchased from a grower we have done business with for 20 years and who built a new dressing plant 3 years ago. This party, however, only runs his plant before Thanksgiving and Christmas. There is no federally inspected plant within 100 miles of us and they do not run the year around.

We find that by properly merchandising turkey and turkey products, we can sell four times as many pounds of turkey as we could fresh whole birds, and many times as much as we could whole frozen turkeys.

My concern is also shared by all other small poultry operators with whom I have recently been in contact. The very nature of our operation makes it impossible to carry on under the stress of further inspections, of which we already have three: local county, city of Flint, and the Michigan Department of Agriculture. We have, in the past been able to make improvements in equipment, housing, and procedure well in advance of inspection requirements. We feel that taking meticulous care of our buying public in a clean and efficient manner is a most important facet of a successful retail operation.

Many others at the farmers market pride themselves on providing what the customers long to buy. It is most gratifying to have Flint people bring their friends from out of town, and even from out of the State or country, to see and sample our products. Many say we can bring our operation to their city any time.

We were mentioned some time ago in "Turkey World" as one of four turkey retailers across the country who were attempting to provide new products for turkey customers. Recently, "Poultry Meat" and also "the National Turkey News" published reports concerning small processors and retailers, and their success in the 1967 season, in spite of the low—shamefully low—prices for chainstore turkeys. We must bear in mind that grower, processor, retailer groups who sell turkeys at 22 to 29 cents in the supermarkets are playing a losing game all the way. Naturally, if a person is losing his shirt, he does not do his best in his particular operation.

We hope to provide this committee with adequate assurance that people who buy fresh-dressed turkeys and other poultry, and eggs, are happy with the quality they are receiving. These people are in a better position to see and judge what the merchandise they are buying really is like, over the frozen, overpackaged, overstored, and shopworn merchandise that just might bear an inspection label.

We enclose herewith a reprint from "the National Turkey News," with their kind permission, of small operations in New Jersey which must be very similar to our own, and many others, in Michigan.

Mr. PURCELL. Thank you very much, Mr. Dean.

Mr. DEAN. Do you want me to read this out loud or will you receive it for the record?

Mr. PURCELL. How long is the article?

Mr. DEAN. It is not very long. I have deleted a part of it.

Mr. PURCELL. Go ahead and read it.

Mr. DEAN. (reading):

NEW JERSEY TURKEY GROWERS DID THRIVING 1967 BUSINESS

(By John Bezpa, Rutgers University)

"Many turkey growers across the nation who raise turkeys for the wholesale market have found that more turkeys do not necessarily mean more profit.

In fact, with last year's record turkey crop, resulting in depressed prices at the wholesale and retail levels, most turkey growers found that financially they were "worse off" this year than in previous years when they as individuals had fewer birds to sell.

Turkey growers who, on the other hand, are located near populated areas and are in a position to take advantage of retail selling find their business from year to year is not seriously affected by increased bird numbers and low chain-store prices.

Such is the situation with most New Jersey turkey growers.

The New Jersey turkey industry is not large, but those who make up this industry raise only the number of birds that can be sold through retail channels (individual sales and gift orders).

Selling live birds to the live poultry markets in the city was, at one time, a profitable business. With the disappearance of these markets, however, this phase of the business has practically vanished.

How can local turkey growers compete with chain-store prices?

They don't! New Jersey turkey growers feel that in any populated area, there is always a percentage of the population which prefers to drive out to the farm and buy a locally grown and dressed turkey and is willing to pay a premium price for such a bird. These are the customers and the potential customers of the New Jersey turkey grower.

This past marketing season, prices in the chain stores in the New Jersey area ranged between 25 cents to 49 cents per pound. Many stores featured turkey at 25 cents to 29 cents.

Local turkey growers at the farm were selling turkeys for 58 cents to 62 cents for toms and 59 cents to 68 cents for hens.

Prices at the farm do not vary too greatly from year to year; in fact, people who drive out to the farm very rarely complain about price.

A large percentage of the birds sold at the holiday season (particularly Thanksgiving) goes out as fresh dressed birds.

Most turkey growers feel that they can sell many more birds but are limited by their dressing facilities and labor. The labor force usually consists of the family plus a few hard-working neighbors.

Most New Jersey turkey growers feel that a satisfied customer is their best means of advertising. In most cases, every turkey that leaves the farm is personally inspected by the owner. There is never a questionable bird sold to the customer.

In addition to oven-ready birds, some growers sell (through their farm store) cured and smoked turkeys, cooked birds, turkey roll, salads, sliced turkey, cranberry sauces and the works.

Kosher killed birds are available at one farm for an additional charge of \$1 if the grower is notified at least four days in advance.

Many growers welcome school groups to visit the farm prior to the holiday season. These tours are arranged with the teacher and certain hours and days are set aside for this purpose.

What is the future potential for more retail sales? Most growers would say "Excellent". Once again, labor and dressing facilities are the limiting factor.

For turkey growers in other areas who wish to retail direct to the customer, these suggestions are offered:

1. You must basically like people.
2. Sell a quality product—take pride in your product.
3. Keep a neat and attractive farm with a farm-like atmosphere—this is important.
4. Have an attractive freshly painted country-like sign indicating that turkeys can be purchased at the farm.
5. Keep driveway leading to the farm store free from ruts, mud holes, etc. Remember your customers usually drive new shiny automobiles.
6. Invite children and parents to visit the farm—this includes school groups on conducted tours.
7. Know your product—be an expert on cooking instructions and anything pertaining to the turkey.
8. Go out of your way to please your customers. Remember names and the many little things that make the "big" difference.

Remember your satisfied customers are your best means of advertising.

I would like to submit a petition that was signed this last Saturday. This was obtained by one other poultry operator and myself in Flint Market. It contains some 700 names of people who buy from us regularly at the market.

Mr. PURCELL. We will receive that petition for the files of the committee. I think that we will not be allowed to have it in the written

record, Mr. Dean, unless there is some evidentiary matter in it; but we will be glad to have the petition as a matter of record, and it will be used by the Committee. It will not be placed in the public record.

Mr. DEAN. OK, sir.

(The petition referred to will be found in the files of the subcommittee.)

Mr. PURCELL. Are there any questions by members of the subcommittee?

Mr. JONES of Missouri. Your operation is restricted solely to turkeys; is that correct?

Mr. DEAN. Yes, turkey and turkey products.

Mr. JONES of Missouri. I was wondering about this: Is it customary for processors like yourself to restrict themselves to one particular fowl? In other words, I have in mind a constituent of mine who has been in the goose business for a long time. Down in our part of the country, we have used geese to eat the grass out of the cotton rows. Now, with the improved technology, that is not any longer necessary. Are there people who just specialize in geese, ducks, and other fowls, or are they usually combined?

Do you know anything about that?

Mr. DEAN. I am not familiar with that. I think that would be an operation for the much larger cities.

Mr. JONES of Missouri. Thank you.

Mr. PURCELL. Any further questions of Mr. Dean?

Mr. Dow. On the second page of your testimony, Mr. Dean, next to the last paragraph, you say:

These people are in a better position to see and judge what the merchandise they are buying really is like, over the frozen, overpackaged, overstored, and shopworn merchandise that just might bear an inspection label.

Are you associating inspection with inferior merchandise; in the remainder of your testimony, were you suggesting that? This is kind of a paradox. It is difficult for us to understand. I wonder if, in some way, you can reconcile this puzzle?

Mr. DEAN. Well, I believe that the fact that our customers do support our operation means something, and the fact that we do have these petitions from the customers would somewhat substantiate the position we have taken. I think that we have all seen the brand names of one product and another which has been inspected when it leaves the plant, but after it has been mishandled, may I say, perhaps, in storage and at the retail level, it is bound to lose some of its appeal.

Mr. Dow. Do you think that the committee ought to address itself to the idea of watching this product after it leaves the plant where it may have been inspected, in order to insure that when it finally comes to the counter in the supermarket that it still remains an "A" product?

Mr. DEAN. I certainly do.

Mr. Dow. And that we should extend ourselves that way?

Mr. DEAN. Yes.

Mr. Dow. How is the public going to be sure that a product of a concern like yours is going to be as good as you say it is? I presume that it is, but, unless sometimes it is inspected to establish that it does meet the criteria of a good product, how can the public be sure?

Mr. DEAN. The very first line of the second page, I think carried out the fact that we are inspected from the local level, the city of Flint, and the Michigan Department of Agriculture.

Mr. Dow. If you do not object to that inspection, why do you object otherwise?

Mr. DEAN. We feel that the terminology in the Federal inspection laws is geared to the much larger operations. We do not feel that the height of a ceiling or the area of the room is necessarily a guarantee of a quality product, such as I believe is true with the requirement of Federal inspection.

May I get back to our friend who built this new plant 3 years ago?

I think it cost him something like \$40,000. He is a very conscientious operator. In my opinion, he is one of the very best in Michigan, but before he got this plant even hardly off the ground he was having trouble, and he got out of the idea of building it, according to Federal specifications, but he wound up with a noninspected operation. So this is despite the trouble that he went to. He does not feel—perhaps, he can qualify under the Federal inspection.

Mr. Dow. Would you say, Mr. Dean, in a broad way that any regulations at the Federal level for inspection might be all right but that they would impinge on existing businesses and that your trouble and the trouble of others like yourselves is that you have plants which are already constructed in a certain way which were built with the best intentions, you might say, but now you find yourselves faced with some kind of requirement that is difficult to meet?

Mr. DEAN. Well, I think that in most cases with the smaller operators it would be prohibitive for them to change their operations to meet these requirements.

Mr. Dow. If a new operator came onto the scene, knowing of these requirements, he would build his plant to meet these regulations and then presumably he would not be in any trouble.

Mr. DEAN. Well, this is true, but, again, a new operator, from an individual standpoint, which is financing an operation that has not already been in existence, has to prove himself before he is subject to that kind of threat, I believe.

Mr. Dow. In other words, as I see it, the real nub of this problem is the structural limitations that are built into the existing regulations?

Mr. DEAN. I believe so.

Mr. Dow. Which make compliance difficult.

Would that be your thought?

Mr. DEAN. Mainly. We certainly are interested in quality, and we believe that our customers have proven that in a limited area. Here, again, I would like to emphasize that our products are sold within a 50-mile radius. They do not go out of the State. We feel that the people within our area have a chance to know. A lot of them have been to the farms. They see us in operation every week in the year. We feel that they are qualified.

Mr. Dow. In other words, you would not object to visitations from Federal inspectors?

Mr. DEAN. Never have. Never have objected to any type of inspection, but to walk into what would have to be a Federal inspection setup, where we now have deficiencies in housing primarily, this,

I am sure, would be objectionable to a great many of the Michigan growers.

Mr. DOW. You would not object to Federal inspection of your records, I take it?

Mr. DEAN. No, sir.

Mr. DOW. The main problem is the structural limitations of whatever facilities you or people like you now have or which would mean compliance with new regulations which would not make it easy?

Mr. DEAN. I think that we are interested at the moment on how the law is written and also on what happens to us later on. We might be privileged to continue to operate, but what happens to us as time goes on. We do not know. We are under terrific pressures from the large integrated operators, and yet I think that the progression over the 20 years has indicated that perhaps we are on the right track. The big integrators are trying the best they know how to equal our type of operation in supplying our customers, so that they buy meal-sized daily requirements or a few days' requirements at one time.

Mr. DOW. Thank you, Mr. Dean.

Mr. PURCELL. Are there any further questions of this witness?

Let me ask you this question, Mr. Dean?

What disposition do you make of birds that are rejected?

Mr. DEAN. I think that in most cases they are just junked. We are in a position, I think, anyone who has been in the business for 20 years—this has been brought out before—anyone who has been in this business for 20 years knows a sick bird or a dangerous bird from one that is a healthy bird.

Mr. PURCELL. I am not asking whether you know or do not know a healthy bird from a sick bird. What do you do with the sick bird?

Mr. DEAN. It is dumped the same as the feathers and the offal.

Mr. PURCELL. What do you do with that, burn it, or haul it away?

Mr. DEAN. It is buried. We have our own disposal.

Mr. PURCELL. On your property?

Mr. DEAN. Yes.

Mr. PURCELL. What percent of the rejects would you say there are in the number of birds that you start out with?

Mr. DEAN. I do most of the buying myself. I can judge pretty well.

Mr. PURCELL. Thank you.

Any further questions?

Mr. Foley?

Mr. FOLEY. Mr. Dean, where an operator does his own inspection—do you favor that? Do you think there is any conflict of interest there?

Mr. DEAN. In full appreciation of the word "inspection", we recognize the fact that this enter into this, but where we are faced with our customers each 3 days of the week, we know that our operation must be satisfactory.

Mr. FOLEY. Would you not agree that where there is not some indication of disease such as a lesion, that it would be difficult to recognize it?

Mr. DEAN. Yes. Well, yes, we do not put out a bird of that type.

Mr. FOLEY. I am not saying that you do, but would it not be rather difficult for an operator who will have to stand the loss of diseased birds to be as diligent as he might in inspecting the birds and in rejecting a number of them because of lack of wholesomeness?

MR. DEAN. I think that if you were to meet a customer clientele each 3 days of the week, you would soon be conscious of the fact that the customer is very conscious of what she buys.

MR. FOLEY. You are not concerned about that problem?

MR. DEAN. I am concerned, yes, sir.

MR. FOLEY. You are not concerned about the diseased bird?

MR. DEAN. I do not think that it is a great big factor in our small operation.

MR. FOLEY. Do you feel the same way about meats, the operators of meat plants and the inspection of meats?

MR. DEAN. Well, I do feel that there is a difference between a chicken of 3 to 5 pounds weight and a beef of perhaps 700 to 1,000 pounds in weight.

MR. FOLEY. Do you feel that the difference is because of size?

MR. DEAN. I mean from an economic standpoint.

MR. FOLEY. Do you believe that the meat packer might be more than likely to pass a diseased animal because of its size?

MR. DEAN. No, I did not mean that. I mean, from an economic operating standpoint, he is handling many more tons, many more pounds of meat in bulk.

MR. FOLEY. Do you believe these regulations are totally unrelated to sanitation and wholesomeness of the product?

MR. DEAN. I would not say so. I think they were written with the full intent to provide adequate facilities in the area in which they were written and for.

MR. FOLEY. Theoretically, that is the only purpose?

MR. DEAN. Right.

MR. FOLEY. Is there not a connection between an adequate facility and wholesale butchering in the preparation of poultry?

MR. DEAN. Yes, I think so. In the large operations, in the integrated operations, however, some of us in the smaller operations feel that we have a place in a business that we have helped pioneer in the thinking that has gone along with its product, and we do not feel that we should be eliminated from this field at the present time, because we cannot meet somewhat strict requirements.

MR. FOLEY. Do you think that everybody in the business ought to be required to meet necessary requirements of wholesomeness and sanitation?

MR. DEAN. I think we are.

MR. FOLEY. Do you agree that anybody who is not able to do so should not be in business?

MR. DEAN. Yes, within certain limitations.

MR. FOLEY. What are the limitations?

MR. DEAN. Well, here, again, I think that if they are doing a reasonable job—I would say with Mr. Poage's approach to the situation—that if the State were doing a reasonable job, it should be left to the State to do it.

MR. FOLEY. I am not asking about the methods of inspection. I am just asking whether you think anybody deserves to stay in business who does not provide wholesome and sanitary meat.

MR. DEAN. I definitely do not. That goes to integrity, not only as to inspection but also to his own operations.

Mr. FOLEY. An operation, if it is not producing under continuing quality control for wholesomeness and sanitation, should not stay in business?

Mr. DEAN. That is right.

Mr. FOLEY. Thank you. That is all, Mr. Chairman.

Mr. PURCELL. Any further questions?

Mr. Jones?

Mr. JONES of Missouri. I do not think that we ought to let that go by without some comment, when you speak about adequate inspection, because we might have some differences of opinion about what is adequate. I recall this, that when you give some bureaucrat the opportunity to exercise authority that the law might give him, many are inclined to go overboard. I remember very distinctly a few years ago, under the bracero program, that the Department of Labor was recommending certain housing specifications and requirements for housing as to the height of the ceiling, the number of windows in a room, this, that and the other thing, and I did a little figuring, and I found that during the 4 years that I was in college living in a fraternity house, that the bracero could not have been housed in the same place where I spent 4 years of my life. And I felt that the sanitation, the air, and things like that were adequate, but some bureaucrat downtown in writing these regulations had a different idea. That is to say, these small operators—and I think that this ought to be in the record—are practical enough to realize that you have to be reasonable and have to try to attain your goal without putting an imposition on the person who is trying to make a living and who has established a reputation of putting out a satisfactory product. I just do not want this thing to be left unsaid, because when you put authority in the hands of a bureaucrat, you are giving him a weapon that will put a lot of good people who are obeying the law and are providing a satisfactory, sanitary product—yet the opening in the door is not wide enough to comply with this regulation, and, because of that, you are going to force him to spend money that is not necessary to be spent and which does not really affect the wholesomeness of this product one iota. I have said my say. I am through.

Mr. PURCELL. Mr. Kleppe?

Mr. KLEPPE. I would just like to add to what Mr. Jones has just said, to indicate to Mr. Dean that it seems to me that you are following the line of testimony that we received yesterday, in that, basically, competition is probably the best cleanser. This statement was made yesterday, and it seems to me that it is very apropos to your statement, that you survive on the basis of competition. You do a good job and you put out a good product, or you do not get any business. It is just about that simple.

The reason that I wanted to add this is because I think that in our hearing here we are overlooking to some degree the purpose of the competitive aspects of this type of business. I commend you for your statement and your position in this matter, and I, for one, am concerned, and we all should be concerned with the approach that you have used here so as not to force you out of business, those of you who have been doing a good job and trying to do a good job within the framework of selling a wholesome and clean product.

And, so, I am pleased that you came here to testify, to give us this information.

Mr. DEAN. Thank you.

Mr. PURCELL. Mr. Mayne?

Mr. MAYNE. I believe that you said some of your members are rather small operators. Could you give us some statistical information on that? You stated that the labor force usually consists of the family plus a few hard-working neighbors.

Mr. DEAN. This was in the New Jersey article.

Mr. MAYNE. Could you give us some idea of how large those establishments are?

Mr. DEAN. Well, I think that the people who sell in the Flint market consists of a few who dress their own poultry. In our particular case, we hire, as Mr. Ammon pointed out yesterday, high school boys. We hire three high school boys after school to do the dressing for the requirements for the next day in most cases. I am there most of the day when they do the dressing. I do see all of the birds, how they are handled.

Mr. MAYNE. But you said that some people dress their own poultry. Do you mean just farmers?

Mr. DEAN. In some cases, yes.

Mr. MAYNE. So that would be a very small operation?

Mr. DEAN. And those people, of course, have to pass the city of Flint inspection.

Mr. MAYNE. From an economic feasibility standpoint, where they are small operators like that, are they financially able to construct a plant that would meet some of these specifications?

Mr. DEAN. I am sure that most of them would not be able to do so.

Mr. MAYNE. What would be the effect of such a requirement, to have to install such facilities?

Mr. DEAN. They would be out of business. I imagine they would drop off entirely—out of the poultry business, if their market was strong—they would, by necessity, cease operations.

Mr. MAYNE. Do you think that there is any benefit to the community, to the economic structure generally, to have small businessmen of that type unable to operate?

Mr. DEAN. Getting back to the petitions again, two operators obtained the signatures from 700 of their customers on Friday of this last week, and this is somewhat of a critical nature. I am willing to expand on that. There are some 100 local farmers selling products at the Flint Farmers' Market. Some of them produce potatoes, and that sort of thing, and they come only during the summer months. But, in order to have a market within the city of Flint, it takes some of us who are each week of the year operating in order to keep that thing operating. We have, so far, been able to pay the rent, adequately enough to keep the thing in the black from an operating standpoint.

I know that, if they do lose the poultry segment in the Flint Farmers' Market, I am sure, it would be closed from an economic standpoint.

Mr. MAYNE. What do you think would be the effect on the customer—the retailer?

Mr. DEAN. I do not like to use that kind of language, sir.

Mr. MAYNE. You can use whatever language you would like to use. I think the language I used in that question is within reasonable limits. However, I will be glad to defer to you and rephrase my question.

I can visualize, if what you say is true, that these smaller businessmen are going to be out of business, that their business will be taken over by the larger groups, the big corporations, for example, who would be economically able to build these plants with these certain requirements, and we would have one big corporation doing all of this, instead of a group of small businessmen. What effect would that have on the personal relationships between the buyer, the consumer, and the supplier? Would you care to comment on that? Would it be better or worse to be dealing with a big corporation, or a small businessman who is known personally?

Mr. DEAN. Well, I get back to our personal experience. I am sure that these people who want to buy from us want to continue buying from people that they rub elbows with every week in the year.

Mr. MAYNE. Do you think that there are any advantages from the standpoint of sanitation and security of the quality and cleanliness of the product in having a close personal relationship between the consumer and the source of supply such as apparently exists in your operation?

Mr. DEAN. Yes, I do, because this customer will come back. If she has something that is not satisfactory, she is very, very much in a position to come back and have it corrected. This is something that is not taken care of too well at the chainstore level. If she has a bird she does not like, she goes ahead and dumps it; in most cases, she is so far from the source of supply or the person involved who is responsible for this particular thing.

Mr. MAYNE. You will acknowledge, I am certain, that wherever your system does not operate satisfactorily and it can be shown that you have a supplier who is not furnishing clean poultry, where that exists that there is nothing wrong with putting that person out of business; is there?

Mr. DEAN. That is right. He automatically gets out of business, anyhow, because he gets rejection from the buying public.

Mr. MAYNE. Do you have any other inspection besides that of the buying public?

Mr. DEAN. We have these sources, the local—whatever county he is in—he has the city of Flint if he is selling there, and he also has the Michigan Department of Agriculture. And these boys come in at their whim, not our whim.

Mr. MAYNE. Do they have the authority to require the improvement of operations adequately?

Mr. DEAN. They certainly do. You either do it or——

Mr. MAYNE. Or else what?

Mr. DEAN. Or else cease operations.

Mr. MAYNE. Thank you.

That is all, Mr. Chairman.

Mr. PURCELL. Thank you very much, Mr. Dean.

The next witness is Mr. Vic Pringle, who will be presented by Mr. Marsh.

We are glad to have you here to do so, Mr. Marsh.

We will be glad to hear from you now.

STATEMENT OF HON. JOHN O. MARSH, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF VIRGINIA

Mr. MARSH. Thank you very much, Mr. Chairman.

It is a pleasure to appear before this very fine subcommittee for the purpose of introducing the next witness, Mr. Vic Pringle, of the Rockingham Poultry Marketing Cooperative, located at Broadway, Va., in the Seventh Congressional District of Virginia, about 70 miles due west of the Nation's Capital.

I think some background on this witness will be helpful to the subcommittee, because of the impact that I am certain he can offer from his background and expertise in reference to this legislation.

The valley of Virginia is one of the largest poultry producing regions in the world. And although, perhaps, not the largest, it is considered, certainly, the cradle of the modern poultry industry in America.

Mr. Vic Pringle is the general manager of Rockingham Poultry Marketing Cooperative which has produced the symbol of American poultry that you are so familiar with on the shelves of the food cabinets and the markets of the world—the jaunty trademark that you see in freezer chests and on the export packages that are sold all over the world.

He operates four plants: two in Virginia, one in West Virginia, and one in North Carolina. He enjoys a national reputation that is based on some 40 years' experience in the poultry industry, and the growth of his company reflects his leadership ability and management ability of the market, and this has caused him, literally, in this field, to enjoy a national reputation.

Most important to the subcommittee, he has a background of experience in three phases of poultry: first, in the production of the bird, the growing process; secondly, modern processing, and in this he has been a pioneer, and thirdly, and very importantly—often overlooked in this field—is marketing and packaging.

He was one of the architects of the American business policy which introduced large mass production of poultry into the European Common Market. He has firsthand knowledge of some of the inspection standards and restrictions that are raised as to American poultry in various parts of the world. He has penetrated and developed markets in Latin America and, indeed, in Asia.

It is a pleasure to present this very distinguished Virginian, a constituent of mine, who has meant a great deal to the industry.

I present to the subcommittee Vic Pringle, general manager of Rockingham Poultry Marketing Cooperative.

Mr. PURCELL. We are very glad to have you here, and will be glad to hear from you at this time.

STATEMENT OF VIC PRINGLE, GENERAL MANAGER, ROCKINGHAM POULTRY MARKETING COOPERATIVE, BROADWAY, VA.; ACCOMPANIED BY HAROLD M. WILLIAMS, PRESIDENT, INSTITUTE OF AMERICAN POULTRY INDUSTRIES; AND JOSEPH O. PARKER, COUNSEL

Mr. PRINGLE. Mr. Chairman and members of the subcommittee, I am Vic Pringle, general manager of Rockingham Poultry Marketing Cooperative, Broadway, Va.

I am presenting this statement on behalf of the Institute of American Poultry Industries of which I am a director and immediate past chairman of the board.

Accompanying me is Mr. Harold M. Williams, president of the institute, and Joseph O. Parker, counsel for the institute.

The institute is a nonprofit national association representing all segments of the poultry and egg industries. Our members process and market the major share of the Nation's chickens, turkeys, ducks, and other poultry. In addition, our membership includes producers, breeders, hatcherymen, and allied interests.

The institute was organized over 40 years ago and has been a leader in improving poultry products for the consumer.

We support the basic objectives of the several bills pending before the committee which would extend the poultry inspection program to the comparatively small volume of the product not now subject to Federal inspection. The institute adopted a resolution at its board meeting which I would like to read:

Whereas the Institute of American Poultry Industries supported and urged the enactment of the Poultry Products Inspection Act in 1957 under which consumers are assured that all poultry moving in interstate commerce is inspected for wholesomeness,

Whereas, 87 per cent of all poultry produced commercially in the United States is now federally inspected,

Be it resolved that the Federal Poultry Products Inspection Act be amended to close the gap which now exists and to extend inspection to the remaining thirteen per cent not now subject to Federal inspection so that consumers may be assured that all poultry commercially produced in the United States will be inspected under the same high standards provided under the Poultry Products Inspection Act.

The institute, and the industry it represents, has a long record in support of adequate inspection of poultry in order to give every assurance to the consumer of the wholesomeness and high quality of poultry products. We are proud of that record.

There is no question but that ours has been a forward-looking industry giving the consumer exceptionally high-quality product at prices which every consumer will admit represents perhaps the greatest food buy in America. As a result, poultry has been one of the fastest growing food items in the United States.

In 1951 the institute, aware of the desirability and necessity of a Government inspection program to give the consumer the protection and assurance she desired when purchasing processed poultry products, worked closely with the U.S. Public Health Service. Conflicting requirements among different localities were already creating interference with the movement of poultry products and both the industry and the consumers were facing the prospect of costly and unnecessary

barriers to trade. As a result of collaboration with Public Health and the Department of Agriculture, a model, uniform ordinance was developed for use by the States.

It became readily apparent, almost before the ink was dry, that it would not be possible to bring about a mandatory, uniform poultry inspection system in this manner. Our efforts then were directed to the development of a Federal mandatory inspection system.

Our board of directors at that time, supported by over 95 percent of our membership, unanimously adopted a resolution favoring the mandatory Federal inspection of all poultry products.

The Agriculture Committees of the House and Senate, with the support of the institute and the poultry industry generally, developed and enacted in 1957 the Poultry Products Inspection Act. Under the legislation there has been developed an inspection system for poultry and poultry products which is by far the finest in the world. Under it, every consumer is assured that poultry bearing the Federal inspection legend is wholesome and that the label is truthful. Today, not only do we have a thoroughly modern act but it has been administered by the Poultry Division of the U.S. Department of Agriculture in a manner which in 1965 provoked the award of a special presidential citation for efficiency and economy in Government operations.

In addition, in 1966, the Poultry Division was awarded a further citation from the Secretary of Agriculture for operating efficiency.

It is evident that the present Poultry Products Inspection Act is providing the consumer with proper protection. The only problem is that it does not presently extend to intrastate product except through designation, which requires local action before it can be brought into play.

Our main objective here today is to support the extension of this Federal inspection program to the remaining 13 percent not now subject to mandatory inspection under that act, even though the present law authorizes the designation of major consuming areas upon application of State or local officials or local industry groups. In supporting the extension of inspection to the product not now covered, we urge this committee to choose a means which will not impair the present Federal program and which will provide a single uniform system applicable to all poultry. In this manner you will give the consumer maximum protection and assure the industry uniformity in both program verbiage and application.

The present Poultry Products Inspection Act authorizes the Secretary of Agriculture to cooperate with State agencies and to conduct inspection through any officer or employee of a State. Therefore, if the present Federal act were merely amended so that it would be applicable to poultry which affects intrastate commerce as well as that which is in interstate commerce—as is proposed in H.R. 14741 and similar bills—a Federal-State program could be carried out under a single uniform standard which could be administered and supervised in a manner to give the consumer the highest protection and which would avoid the risk of lack of uniformity and all of the problems corollary therewith. This would, indeed, give the consumer the strongest and best protection insofar as inspection of the product for wholesomeness is concerned. It should be pointed out that the use of the commerce power through this suggestion is the same use of the

commerce power as employed by H.R. 15146 and similar bills which require the States to legislate programs equal to the Federal program or otherwise submit to the Federal program.

The theory of H.R. 15146, and similar bills would require inspection of the remaining 13 percent of the poultry by compelling the States to enact legislation equal to the Federal standards or to operate under inspection by the Federal Government. Under either H.R. 15146 or H.R. 14741, the Federal standard would be employed. The principal difference is one of procedure for assuring uniformity of application of inspection. Under H.R. 14741, our experience has demonstrated the feasibility of such a program; a remedy is directly available to obtain proper and uniform application of inspection at any plant at any given time. On the other hand, under H.R. 15146, and similar bills, it will not be easy to determine whether the Federal criteria are being employed at all times and on a uniform basis, and if it is determined by the Secretary of Agriculture that the criteria are not being followed, his remedy cannot be directed at the offending inspector or inspectors but he must resort to requesting corrective action by the State, and, failing that, he must withdraw the program. Withdrawal of the entire system for any one State would admittedly be a most difficult decision for any Secretary of Agriculture.

The reason why we have felt it desirable to point up the need for uniformity is that we believe it is necessary if we are to assure consumers of the benefits intended by the legislation. Of equal importance is the severe competitive advantage or disadvantage which results if the inspection program is not applied uniformly and equally. Experience has demonstrated that it is extremely difficult to achieve a reasonable degree of uniformity even when inspectors are operating under the same provisions of law and under the same regulation and answerable to the same boss. This is so because of the judgment and discretion which must necessarily be invested in the inspector and which cannot be precisely detailed in regulation or instructions. Close and constant supervision, under a single program, we believe, is necessary to achieve uniformity. Under H.R. 15146 and similar bills there is not administrative line of authority to achieve this result.

In addition to the establishment of multi-inspection programs at State and local levels to function alongside the Federal inspection program, section 5(c) (5) of H.R. 15146 and similar bills would authorize poultry products processed under these multi-inspection programs to be eligible for movement in interstate commerce upon the same basis as federally inspected product by carrying a State-Federal inspection mark. As we have indicated, we do not believe the procedure proposed by the bill would provide for the necessary control of inspection to assure such uniformity and effectiveness to give consumers the assurance which they may demand or to give to industry the assurance of uniformity and equality of inspection necessary to prevent competitive inequities.

Nevertheless, if the committee desires to adopt a program which would provide for multi-inspection programs as provided by H.R. 15146 and similar bills, including the provisions of section 5(c) 5 which permits interstate shipment, we believe it necessary for the bill to make it clear that a plant presently under Federal inspection, but located in a State which establishes a State system as provided in this bill, will

have the election of operating under the State system if it so desires.

Our discussion up to this point has not dealt with sections in H.R. 15146 and similar bills.

The provisions of section 11 of H.R. 15146 and similar bills would authorize the Department of Agriculture to require registration, in addition to others listed therein, of wholesalers of any carcasses or parts of carcasses of any poultry which would include processors and other persons wholesaling product down to the retail level. This section is substantially the same as in the red meat inspection bill. It is a sweeping requirement and is of doubtful necessity for application to the processor since no product can be processed or marketed without inspection and the registration provision would merely require the submission of information by the processor that is already available to the Secretary.

Section 11(b) would impose new recordkeeping requirements. The recordkeeping provisions of existing law seem adequate and it is clear under such provisions that books and the records referred to relate to the receipt, processing, movement, or disposition of poultry and poultry products. Financial records, profit and loss, income tax records, et cetera, have nothing to do with the inspection process or the movement of poultry and should not be made subject to departmental control or scrutiny. We do not believe that the provisions of existing law should be broadened as proposed in H.R. 15146, in the absence of a clear showing that the existing provisions of law are inadequate.

Section 16 of H.R. 15146 would amend the provisions of existing law with respect to imports by substituting the provision of the red meat inspection law. This section we believe should be deleted. Presumably, it was included because of the provisions in the red meat inspection law. Because of the heavy imports there may have been a valid basis for the inclusion of such a provision in that act. The same situation does not exist with respect to poultry. Only limited amounts of poultry products are imported, or are even likely to be imported, into the United States in view of the great efficiency of the poultry industry. The present provisions of law applicable to poultry imports are generally the same as those applicable to all other food products and have proven entirely adequate for the protection of the public. The poultry industry has great potential for exporting poultry products and is actively engaged in conducting market development programs in cooperation with U.S. Department of Agriculture to develop and expand export markets for U.S. poultry. This section, if added to the Poultry Products Inspection Act, might be seized upon by foreign countries which may wish to create even further barriers to trade in the guise of health measures. This would adversely affect our poultry producers and our balance-of-payments position. We strongly urge, therefore, that this section be deleted.

I would like to digress for one moment. The amount of dollar sales of poultry in export was in excess of \$45 million, and for many years, in many countries—and I have been in a good many of them, they have looked to look upon the Federal wholesome seal as being worthwhile and to their advantage, and if they were faced with a Federal and then a State-Federal seal I think it would create confusion. They have been educated the other way. I think it would be quite wrong to do

that, to where it would hamper or even hurt more than we now have in our export trade.

Section 17 of H.R. 15146 would grant to the Secretary of Agriculture the authority to deny inspection to any applicant because he deems such applicant unfit by virtue of conviction of certain violations of law which may or may not have involved any intentional violation or which may have been the result of activities unrelated to the production processing or marketing of poultry products. While we do not condone any of the activities specified therein, we believe that the punishment to be provided for such activities should be decided by the courts under appropriate provisions of law and not made subject to additional punishment in the form of denial of the right to engage in business through the denial of inspection. This section singles out the poultry industry and subjects it to a type of regulation not generally applicable to the remainder of the food industry. We do not believe that any showing has been made which would warrant this section being applied to the poultry industry. We think that this provision establishes a dangerous precedent by empowering an administrative agency to determine fitness to engage in commercial business. We hope the committee will carefully examine the need for this section.

Section 18 has the effect of redesignating section 19 of existing law as section 25. This section is the provision of law which directs that the cost of inspection be paid from appropriated funds since this is a consumer protection measure. By renumbering this section it is not included within the scope of section 5(c)1 of H.R. 15146 under which the Secretary is required to see that the States have requirements at least equal to the Federal law and regulations. It is important, we believe, that States be required to supply their share of the cost from appropriated funds as a condition to participation in the program, if the committee decides to follow the approach of H.R. 15146.

The provisions of section 24(a) appear to contain an inconsistency in that poultry and poultry products are exempted from the provisions of the Federal Food, Drug and Cosmetic Act and the exception provides that the provisions of the act shall not derogate from any current authority conferred by the Federal Food, Drug and Cosmetic Act. The result of this will be to create duplication of authority and undoubtedly additional cost.

In view of the inclusion of many provisions of the Federal Food, Drug and Cosmetic Act in H.R. 15146 and similar bills, should the committee adopt such provisions, we would recommend that the procedures provided by section 701 (e), (f) and (g) of the Federal Food, Drug and Cosmetic Act also be adopted so that the rulemaking procedures established under that act would be applicable to this bill.

In conclusion, Mr. Chairman, we again affirm our industry's desire to assure the consumer that all poultry products are wholesome. We know that the present Poultry Products Inspection Act is a sound law. In extending inspection to the small amount of poultry not now covered we urge you to continue the strong assurance the consumer now gets under the present Federal act.

We thank the committee for this opportunity to present the views of the Institute of American Poultry Industries.

Mr. PURCELL. Thank you very much, Mr. Pringle.

Are there any questions of this witness?

Mr. FOLEY?

Mr. FOLEY. I should like to congratulate Mr. Pringle on his statement. I think that it indicates, again, that the real leaders in the poultry industry in the United States support the concept of uniformly high standards of wholesomeness and sanitation in their products and in the distribution of their poultry products.

I was particularly happy to hear this testimony because we are all concerned about the situation. This makes a splendid contribution to the general picture which has been painted, particularly by the poultry industry where you are a leader.

I should like to underline for the members of the subcommittee your statement that it would be a mistake to develop a State-Federal inspection mark and that you oppose allowing the shipment of poultry products across State lines when these products have only been subject to State or local inspection.

Mr. PRINGLE. Exactly.

Mr. FOLEY. Thank you.

That is all, Mr. Chairman.

Mr. PURCELL. Are there any other comments, statements, or questions?

If not, thank you very much, Mr. Pringle. We appreciate your contribution.

Mr. PRINGLE. Thank you, sir.

Mr. PURCELL. We will now hear as our next witness Mr. Herbert Ferster, counsel at law, New York, representing certain processors of poultry in New York State.

Mr. Dow. I would like to introduce Mr. Ferster, because, while he is not, actually, a voter in my district, I believe he spends a good deal of time there. He has a summer home up there. I think that his testimony will be based on his knowing a number of citizens in my district who are in this business and in this county, which is the largest county, Sullivan County, in the State of New York associated with poultry production.

I commend Mr. Ferster to your special attention.

Mr. PURCELL. Thank you very much, Mr. Dow.

We will be glad to hear from you at this time, Mr. Ferster.

STATEMENT OF HERBERT FERSTER, NEW YORK, N.Y.

Mr. FERSTER. Mr. Chairman and gentlemen of the subcommittee, my name is Herbert Ferster. I represent a group of processors of poultry whose establishments are located in Sullivan County in the State of New York. Most of the poultry processed by them is kosher, and is shipped to retailers in the city of New York for consumption. These plants are not now under the supervision of the U.S. Department of Agriculture.

I have been authorized by these processors to recommend to this committee the passage of the Purcell bill which will insure to the consuming public wholesome poultry processed under sanitary conditions without unnecessarily and unduly burdening Federal agencies.

The poultry processing plants for which I speak are subject to and comply with the requirements of the agriculture and markets law of

the State of New York. This law provides for physical plant standards and poultry inspection equal to those required by the Poultry Products Inspection Act. In addition, all eviscerated poultry shipped into the city of New York is inspected by a veterinarian doctor who is not an appointee of the processor and the standards of the Health Department of New York City are at least equal to, if not higher than, those called for in the Federal Inspection Act. Therefore, the standards now provided for by New York law will not be improved upon by transferring the jurisdiction of these establishments to the U.S. Department of Agriculture.

If I may go off my prepared statement just for a moment.

I inadvertently phrased those sentences in the fashion which might be subject to misinterpretation. The inspection provisions of New York State law are not equal by themselves to the requirements of the Federal act. It is the combination of the requirements of the State law and our city of New York law which are equal to or greater than those of the Federal act. I did not want to be criticized for making that statement without explanation. I would like to make that clarification of my statement.

Further, as stated before, the products of the processing plants I represent are, in the main, kosher processed for consumption by the Jewish consumer.

The penal law of the State of New York vests jurisdiction in the New York State commissioner of agriculture and markets to supervise compliance with the laws of Kasruth. This supervision by the New York department will in no event be superseded by any Federal law and therefore supervision by Federal authority, in these instances, will be an unnecessary duplication of that already provided by the State.

For the reasons outlined above, we believe that the Purcell bill is the best of the bills submitted and should receive favorable consideration by your committee.

Mr. PURCELL. Thank you very much, Mr. Ferster.

Are there questions of Mr. Ferster?

You have been very convincing, though your statement has been very brief, and we are very glad to have had you here.

Mr. FERSTER. Thank you, sir.

Mr. PURCELL. At this time we will call on our next witness, Mr. Joseph M. Katz, Kosher Empire Poultry, Mifflintown, Pa., who is accompanied by Rabbi Meyer Greenberg, Paterson, N.J.

We will be glad to hear from you now.

STATEMENT OF LEE KATZ, KOSHER EMPIRE POULTRY, MIFFLINTOWN, PA.

Mr. KATZ. Mr. Chairman and members of the subcommittee, I would like first to say one thing. I am Lee Katz.

Joseph M. Katz, unfortunately, was forced to go back yesterday afternoon. He has some pressing duties at his plant. I have prepared a statement on my own, and I am acting in behalf of Joseph M. Katz.

I want to thank you very much for allowing me to appear before your subcommittee. I will try to be as brief as I possibly can.

My name is Lee Katz. I am one of the members of Empire Kosher Poultry Co. located in Mifflintown, Pa. We employ approximately 300 employees at our plant, which processes only kosher eviscerated, ready-to-cook poultry. We have been processing under Federal inspection since 1959, and rabbinical inspection for over a quarter of a century. We trade in interstate commerce.

Regarding the proposed amendment to the present poultry inspection law, to include all processing plants in intrastate markets, I wish to state that our position is very much in favor that the proposed amendment to the present Poultry Inspection Act be passed.

I am here today to testify regarding the exemption of the Poultry Inspection Act of 1957, section 12(a), paragraph (4). This exemption states that—

persons slaughtering, processing, or otherwise handling poultry or poultry products which have been or are to be processed as required by recognized religious dietary laws, to the extent that the Secretary determines necessary to avoid conflict with such requirements while still effectuating the purposes of this Act.

To briefly explain this exemption, the exemption permits kosher processing plants to ship what is commonly called city-dressed or New York-dressed poultry. This is poultry that has been defeathered, and is neither eviscerated—not ready to cook—nor inspected for wholesomeness by qualified Federal inspectors. This poultry contains all the inedibles. When poultry is shipped uneviscerated, no post mortem of the entrails is possible. If it is not inspected by Federal inspection, no condemnation is possible. A considerable quantity of diseased chickens reach the consumer in a condition not fit for human consumption.

This exemption was originally obtained on the mistaken premise that (1) the Jewish housewife could eviscerate her own chicken; (2) that she was capable of detecting a diseased chicken; (3) that she had available in her immediate proximity an ordained rabbi to whom she could bring the entrails and carcass so that he could examine the viscera and carcass and determine whether the poultry was wholesome, and therefore kosher.

In our modern way of life, this no longer exists. Very few women today find the time and opportunity to go themselves to the market and observe evisceration. The woman who does go to the market, leaves the opening of her chick up to her butcher, who is the man in a commercial business, and is not qualified to function as either a veterinarian or an ordained rabbi.

In accordance with Mosaic dietary law, only an ordained rabbi is the sole authority to determine whether or not a chicken is kosher or not. He can only determine this upon the inspection of the entrails and the carcass.

At our processing plant, ordained rabbis stand side by side with the Federal inspectors, in their performance of post mortem inspection of each individual chicken, without conflict.

There is nothing in Mosaic law that says that kosher poultry should not be eviscerated. In fact, the responsible rabbinical groups throughout the United States would much rather that poultry be eviscerated under Federal and rabbinical inspection at the plant level. Any statement to the contrary is untrue. I offer here statements of the most orthodox rabbinical groups representing many hundreds of orthodox

Jewish congregations all over the United States. I should like to read their statements to your committee if time so permits.

This, by the way, is a very short statement which I wish to read after I finish my own, sir.

From an economic standpoint, an inequity is created in the cost differential of eviscerated versus exempted poultry. The standard required by the Federal inspectors in their elimination of diseased poultry, reduces our weight yield by about 4 percent, a figure closely related to the national average, which is revealed by periodic statements issued by the U.S. Department of Agriculture. Cost of rabbinical supervision also adds to the cost of our finished product. The two aforementioned cost factors create a higher cost to us which plants processing exempted poultry do not have to have. In spite of the fact that per capital consumption of poultry has greatly increased in the last decade, we find that our sales of our federally inspected eviscerated poultry are less today in metropolitan New York than it was in 1951. This is due to the price differential of the unfair competition of exempted poultry that is not federally inspected for wholesomeness.

In view of the aforementioned facts, we would ask the committee in their deliberations to consider eliminating this misleading exemption from the Poultry Inspection Act.

Mr. PURCELL. You may read the other statement.

Mr. KATZ. I want to read a letter from a recognized organization known as the Union of Orthodox Jewish Congregations of America which is known nationally and internationally. It is from the Union of Orthodox Jewish Congregations of America, and it is addressed to Mr. Joseph N. Katz:

I am in receipt of your request that we express our opinion regarding the requirements of the Hebrew Dietary Laws concerning eviscerated poultry. It is my understanding that it has been previously stated that our religious laws require that poultry arrive in butcher shops and other establishments uneviscerated. It was, furthermore, alleged that this is necessary that the Jewish housewife should see the evisceration herself.

While it is true that Jewish housewives should have the opportunity to see for themselves the opening of poultry, this has become today academic. Very few Jewish women today find time and opportunity to go themselves to the market and observe the evisceration. They now rely on Rabbinic supervision and the presence of a Rabbinic supervisor during such evisceration.

In some rare instances, they would trust the butcher if he himself is a knowledgeable and observant orthodox Jew. This alas also has become rather rare.

As a result of these changes circumstances we feel very strongly that the kosher laws in regards to poultry are far better protected by the regulation that all poultry arriving to the stores should have been already eviscerated. It is, of course, to be assumed that these establishments where the evisceration takes place are Government inspected as well as Rabbinically supervised. The combination of these two supervisions, the Government's and of Rabbinic authorities through the presence of religious supervisors referred to as mashgichim give the strongest assurance to the housewife that each bird has been carefully examined and all that were found with blemish were eliminated.

Thus, an eviscerated poultry carrying the kosher seal indicates that it was eviscerated under Rabbinic supervision. Furthermore, in the present system of delivery of uneviscerated poultry very often such poultry becomes non-kosher. Very often this is the case with poultry that is shipped from out of town and from a distributor to a butcher.

The question then is even if the delays do not happen the poultry is under question as it then will depend on the reliability of the butcher whether the poultry will be properly examined and properly made kosher in the established manner, namely, soaking, salting and rinsing that is required by the Hebrew Dietary Laws.

Therefore, it is my feeling that the Jewish community would welcome the extension of Government inspection to poultry places heretofore exempt from such inspection. It is, of course, our hope and prayer that such places if catering to the observant Jewish community will be also properly supervised Rabbinically.

I should like to make one point, and that is in regards to strictly local distribution of small poultry places. There still may be needed for such establishments that will provide for local butcher shops to the small extent that they are presently requiring fresh killed poultry. These small places catering only to local butchers may find an exemption provided the authorities would be satisfied that local health inspections and local Rabbinic inspections are adequate.

Trusting that you succeed in your endeavor to have legislation induced to cover this area, I am.

Sincerely yours,

(S) RABBI ALEXANDER S. ROSENBERG,
Rabbinic Administrator.

Mr. PURCELL. Thank you very much, Mr. Katz.

Are there any questions of this witness?

Mr. MAYNE. I wish you would comment a little further on a statement in your paper, page 3, this sentence in which you say that this is due to the price differential of the unfair competition of exempted poultry that is not federally inspected.

Could you tell us a little more about how much is the price differential on 4 percent weight yield reduction and what you think brings it about?

Mr. KATZ. Yes, sir. That was, as I mentioned, a standard which we have taken from our own figures as well as figures that have been shown in the publications of the USDA, 4 percent of the condemned chickens is always an added cost, and some day we might have 10 percent and some day we might have 2 percent. This additional cost is in all eviscerated federally inspected poultry. In poultry that is shipped "New York-dressed," no inspection, therefore, no condemnation exists, because here is no cleaning of the chicken. The viscera has been removed; therefore, the chickens are sent in without any condemnation.

In many, many cases, flocks that normally would not be sent to a Federal plant might end up in whatever condition they would be under the New York-dressed status.

We, also, do have alongside our Federal inspectors, a man who is a mashgichim. We have more than one at times. We have a man who stands side by side with the Federal inspector, so that we have two or three men, and the added cost of this man's salary, plus the condemnation costs which we have in our plant, does add the difference of this cost to our product.

Mr. MAYNE. Can you pin it down to the point where it reaches the consumer—how much cheaper is a chicken in New York which arrives there under one method as compared to the other method?

Mr. KATZ. It is very difficult to give you the precise answer. I would say that, basing it on the volume that we produce and the cost of our labor—I would say that there is definitely a 4-percent differential, so far as condemnations are higher, plus the cost of rabbinical supervision, which might run, say, another penny—maybe run 2 cents a pound more. It is very difficult to give you an exact figure. I have not figured that out.

Another thing is that psychologically—

Mr. MAYNE. You testified that there is a price differential which is unfair to you. You are basing what you call this unfair competition

due to these people shipping under what is called the "New York-dressed" method.

Mr. KATZ. Yes.

Mr. MAYNE. Well, surely, you must be familiar with the facts enough to give this testimony, to tell us about how much you are being underpriced by your competition?

Mr. KATZ. Well, there are two different prices. That is why it becomes a little difficult. When you take an eviscerated chicken, and we sell it for its net weight, it might have a price of 45 cents a pound. I will use that illustratively. Our chickens, due to the fact that we might have all of our innards out, might run 55 cents a pound, net weight, so that we are making a comparison of a chicken that is being weighed with all of the inedibles inside against one that has been eviscerated.

Now, the difference in actual cost, if both were eviscerated, would not be there. Our cost in condemnation and our cost in rabbinic costs, as I say, will probably run 4 percent for the condemnation costs and probably, at the bottom, here might be a penny or 2 pennies a pound.

I am not familiar with our office records in that sense. I can produce it immediately if you should so desire.

Mr. MAYNE. Did I understand you to just say that if these chickens were eviscerated, then the price differential would disappear?

Mr. KATZ. Yes; if they were both under Federal inspection, and rabbinic expense, in that sense: yes, sir.

Mr. MAYNE. I would say, frankly, that I am disappointed that you cannot give me a more specific idea of what this price differential would be—what the difference is in the prices to the New York City consumer.

Mr. KATZ. The woman is not aware——

Mr. MAYNE. I would think that that would be a matter that certainly, in your industry, would be one that you would be familiar with, and if you are going to testify on this as a reason for the exemption to be removed, I would think that you would give us more detailed information about it.

Mr. KATZ. Well——

Mr. FERSTER. If I may be heard just a moment. I did not anticipate, sir, that this question would come up, because the bill before us did not point it out. I am thoroughly and completely familiar with these two gentlemen; they know what their problems are.

In the first place, let me say to you that the eviscerated poultry, the kosher eviscerated poultry, sold by Mr. Katz and sold by the other people whom I represent, for example, who comprise those in New York, is the same. There is no difference. There may be a fraction of a penny difference due to other factors, but there is the difference between the eviscerated poultry sold by him and sold by other processors who are, for religious reasons, also selling kosher New York-dressed poultry.

Mr. MAYNE. Is that true whether they are federally inspected, or not?

Mr. FERSTER. Whether they are federally inspected or not. I really urge upon this subcommittee that it do not get into questions of the dietary laws and the laws of Judaism on the various conflicting opinions of rabbis. This problem was thoroughly considered by your predecessor committee back in 1957, and it was best and wisely decided

by your predecessor committee that the entire question of exemption from the law for religious purposes, if necessary, be vested in the Secretary of Agriculture who could take abundant testimony and decide in his good judgment whether it was necessary. And I dare say——

Mr. MAYNE. Just a moment, Mr. Fester. I am not introducing any element of any religious requirements.

Mr. FERSTER. That is his answer——

Mr. MAYNE. Just a moment, please, Mr. Ferster. I did, after all, address this question to Mr. Katz.

Mr. FERSTER. I realize that.

Mr. MAYNE. And I would like to make it very clear on this record that I am not introducing the question of any religious requirements. I have asked Mr. Katz to expand upon his charge here that there is unfair competition, and that that is the reason on which this subcommittee should base its decision and recommendation to the full committee.

Mr. KATZ. Mr. Mayne——

Mr. MAYNE. I think that should be explained more explicitly, rather than to just make that allegation without giving us some facts and figures, if it is true.

Mr. KATZ. What I said here is true. Unfortunately, I do not have the actual percent per pound figures with me. I shall obtain them and send them into your subcommittee; I can assure you of that. I do not want to go off halfcocked and tell you something that is wrong. I merely brought this out in percentages of the postmortem inspection which our records will show. It might take an average of 4 percent for the year. In that sense, it is a higher cost, plus the cost of the Rabbinic. If we can break it down to the cost of our rabbinic cost, I would be glad to add that to that cost and send those figures to your subcommittee—a definite figure. I do not want to go off halfcocked in that sense, sir.

What I want to establish here more than anything else is the fact that I believe, yesterday when I was sitting here, it was stated that changes are occurring even in the general laws applying to eviscerated poultry being sold in intrastate and as well as interstate, and, therefore, as I have read the testimony which I submitted of the Union of Orthodox Jewish Congregations of North America, which is a responsible group of rabbis who cover hundreds of congregations throughout the United States, their statement is self-evident in itself.

I would like to introduce Rabbi Greenberg who might like to make some further comments if you do not.

And he has a prepared statement as well.

Mr. PURCELL. We will recognize the Rabbi in just a moment.

We have not concluded with the questioning yet.

Mr. MAYNE. I would hope that when this additional data is furnished it will, in turn, show how much more, if any, it costs a New York housewife to get a chicken under the one method than under the other method.

That completes the questions I have.

I have completed.

(The information referred to above was subsequently submitted to the subcommittee by Mr. Katz as follows:)

KOSHER EMPIRE POULTRY,
Mifflintown, Pa.

HON. GRAHAM PURCELL,
*Chairman, Subcommittee on Livestock and Grains,
 House of Representatives, Washington, D.C.*

DEAR SIR: I should like to give your committee the information requested of me at the hearing, when I testified Feb. 21st. regarding the costs involved in eviscerating kosher poultry under Federal and Rabbinical inspection. This amounts to 3¢ per lb. more than a plant operating under not any inspection, processing uneviscerated poultry.

These added costs have made our product very uncompetitive in the Metropolitan New York area.

We hope you will take this into consideration in our stand at the hearing, favoring very strongly the extension of the law to have all processing plants, intra as well as inter state, process only eviscerated poultry under Federal inspection.

Thank you for the opportunity of appearing before your committee.

LEE KATZ.

MR. KATZ. May I just point out one thing: We are trying to conform to Federal regulations; we do not want to be penalized for post-mortem examination which would reveal whatever percentages of poultry are being eviscerated, if the protection of the consumer is not important in the cost, and the only thing that I would say is that maybe your thinking would coincide with mine. I merely am saying that we are adhering to this inspection service strictly because we feel that it is a protection to the consumer as the result of this; and, therefore, whatever our costs may be in competing against poultry that has not been inspected, it would be there.

MR. PURCELL. Thank you.

Just one more question, I think from Mr. Kleppe.

MR. KLEPPE. One question, Mr. Katz.

In your statement you say that in spite of the fact that per capita consumption of poultry has greatly increased in the last decade, you find that your sales of federally inspected eviscerated poultry today is less today in Metropolitan New York than it was in 1951.

MR. KATZ. Yes.

MR. KLEPPE. My question to you is: Do you believe that is because there are fewer orthodox Jews in New York or is it because they are buying nonfederally inspected poultry, or just what do you recite as the reason for it?

MR. KATZ. The biggest percentage of the poultry that is being kosher-sold today in Metropolitan New York is New York-dressed or uneviscerated poultry. That is the main reason why our particular business has dropped.

MR. KLEPPE. Thank you.

That is all, Mr. Chairman.

MR. PURCELL. Mr. Foley?

MR. FOLEY. Mr. Chairman and Mr. Katz, I think you have added to our knowledge about the problems in this bill. I would like to follow up briefly some of the things you have said.

It is not true that in any case where you have sufficient inspection—that is Federal inspection—that there are going to be instances of condemnation, as opposed to situations where you do not have inspection?

MR. KATZ. I would agree with you.

MR. FOLEY. And the occurrence of condemnation adds to the cost of doing business?

Mr. KATZ. Yes.

Mr. FOLEY. Is it not also true that where there is a rabbinic and/or Federal inspector, that the operator tries to minimize this condemnation cost by buying good birds—birds that are not likely to be condemned and are likely to be wholesome and without blemish?

Mr. KATZ. Yes, sir; I am glad, in a sense, that you referred to that, because, in our own program as well as in outside purchases that we make, we are forced to pay a premium for birds that will have as little condemnation as possible.

Mr. FOLEY. Is it not in the interest of the responsible businessman that his poultry product be kosher inspected or federally inspected? And—whether it is one or the other—is it not also in his interest that he buy a premium bird in order to avoid the more expensive cost of condemnation?

Mr. KATZ. Yes, sir; we try to do that.

Mr. FOLEY. I am not suggesting by this question that those who are not inspected are irresponsible; I want to make that clear. But in situations not covered by Federal or rabbinic inspection, is it not possible for the unscrupulous to buy potentially less healthy birds and at a significant savings?

Mr. KATZ. I would say completely "Yes."

Mr. FOLEY. That is a possibility?

Mr. KATZ. Yes, sir.

Mr. FOLEY. And that would result in a further spread between the cost of the responsible inspected operator and the noninspected operator who is irresponsible?

Mr. KATZ. Very definitely so.

Mr. FOLEY. And that constitutes the unfair competition in your business?

Mr. KATZ. Yes, sir.

Mr. FOLEY. And because of this, the wide variance in those pricings—because of this it is rather difficult to give a precise estimate of what the dollar-and-cents cost would be; is that not true?

Mr. KATZ. I would say for New York; I would try to get as close to what our actual condemnation losses are. I do not know what the next man pays for his poultry. It depends upon the quality of the flock that he buys. It is possible that we are higher in that area, having to purchase a premium bird in order to eliminate as much of the condemnation cost as we possibly can, in our opinion?

Mr. FOLEY. Thank you.

Mr. PURCELL. If there are no other questions, we will be very glad to hear from Rabbi Greenberg at this time.

Rabbi Greenberg.

STATEMENT OF MEYER GREENBERG, CHIEF ORTHODOX RABBI OF PATERSON, PATERSON, N.J.

Rabbi GREENBERG. Thank you, gentlemen, for allowing me to present my views favoring the proposed legislation extending the Poultry Inspection Act of 1957.

My name is Meyer Greenberg. I am chief orthodox rabbi of Paterson, N.J.; former dean of the Rabbinical College of New Jersey, and former president of the Rabbinical Alliance of America. As a conse-

quence of my rabbinical supervisory function in my community, I have gained a close acquaintance with the kosher poultry processing industry, and its development during the past 14 years. It is with such a background that I offer my views.

May I call your attention to a certain weakness in the present application of an exemption in the Poultry Inspection Act of 1957, section 15(a) subparagraph 4. May I respectfully suggest that you eliminate this weakness and loophole with appropriate legislation included in your amendment, or proposed bill?

To be specific, the act includes an exemption for the processing of poultry in accordance with religious dietary law. This provision has been applied to allow kosher poultry to be sold uneviscerated, and without Federal inspection. This laxity was necessitated by a religious principle, which requires the preservation of the consumers privilege to personally examine the viscera, in order to determine the kosher or nonkosher status of a carcass. Today, however, consumers willing and qualified to exercise this inspection prerogative, are very rare. Fortunately, the poultry industry has developed several kosher processing plants that have engaged trained and competent kosher inspectors called mashgilim who perform the prescribed kosher post mortem examination during the eviscerating process at the plant. These mashgilim stand side by side with the USDA Federal health inspector.

It is thus evident, that if we are to continue to allow plants today to operate without evisceration, this laxity will not only be unnecessary for religious requirements but would constitute a disservice to the religious cause proper. The reason for this is that the uneviscerated, hence uninspected—for kosher requirements—product would eventually find its way into the consumer's pot, since neither the retail butcher nor consumer are competent in the kosher inspection field.

May I then offer my suggestion that for the purpose of eliminating loopholes in the exemption of subparagraph 4, section 15(a) of the Poultry Inspection Act of 1957, there be included in the proposed legislation, a provision which would explicitly prohibit the sale of uneviscerated poultry, subparagraph 4 notwithstanding?

Mr. PURCELL. Thank you very much, Rabbi.

Are there any question?

Mr. Jones?

Mr. JONES of Missouri. I want to clear up one point. I understood Mr. Katz a moment ago to say that there was not a uniform agreement among all of the rabbis, and I understand that this recommendation that Rabbi Greenberg has made would prohibit the sale of uneviscerated poultry and that there might be some rabbis who would not agree with that statement.

Mr. KATZ. I did not make that statement. The other gentleman made that statement. I would say, though, that there are possibilities that some rabbis individually might make this statement.

The rabbis that I have introduced as evidence with respect to their feelings—the Union of Orthodox Jewish Congregations of America—are not merely those of a rabbi who is individually giving his version. This is a group that represents the largest or one of the largest orthodox segments of the Hebrew religion, nationally and internationally, as well as the rabbi I have here who has been the past president of a

group known as the Rabbinical Alliance of America, who is here individually. So it is not the question of an opinion of a rabbi. I believe that the Union of Orthodox Jewish Congregations of America represents a group that is, generally accepted as a very, very strong segment of the Jewish population.

Mr. JONES of Missouri. I dislike to burden the record with a lot of questions like this, but I would say that many years ago the Jewish religion provided that you would not buy a bird that was eviscerated; is that correct?

Rabbi GREENBERG. Well——

Mr. KATZ. Well, I might say——

Mr. JONES of Missouri. I am questioning the rabbi.

Rabbi GREENBERG. In the past, this provision and this exemption was used to allow noneviscerated poultry to be sold.

Mr. JONES of Missouri. Because there was a demand for it.

Rabbi GREENBERG. At that time.

Mr. JONES of Missouri. At that time?

Rabbi GREENBERG. But it changed.

Mr. JONES of Missouri. There has been a change in the religious belief?

Rabbi GREENBERG. No, in the practice.

Mr. JONES of Missouri. In the practice?

Rabbi GREENBERG. With the changes in the practice of a woman using her own prerogative in examining the birds. In fact, they began to have greater confidence in the plant that they were exercising a real good judgment in getting the mashgihim to supervise the kosher problem in the plant. And since they began to have more confidence in the processing at the plant they ceased to ask to demand their own examination of the poultry.

Mr. JONES of Missouri. Do you foresee the time when the Jewish religion will provide that it is not necessary for rabbinical inspection, and just leave it all up to the Federal inspection?

Rabbi GREENBERG. I would like to make this observation, and I think this would answer your question: I have not asked for a complete elimination of that paragraph, and that exemption, for religious reasons. I have only asked to avoid—to eliminate the present application of that exemption in one area, in the area of allowing noneviscerated poultry to enter into commerce. I am definitely in favor of maintaining that exemption as the present bill retains it. It is paragraph 3 in most of the bills, because not one has been deleted, but that paragraph of the present bill is absolutely necessary to protect, to safeguard, any religious belief that might be imperiled in the future by the directives, and I feel that clause actually is necessary. But the present application, allowing in one field the uneviscerated, uninspected poultry to be sold in commerce, that one on the application I feel should be eliminated.

Mr. JONES of Missouri. I get right back to my original question. You say you are recommending that there be included in the proposed legislation a provision which would explicitly prohibit the sale of uneviscerated poultry?

Rabbi GREENBERG. Subparagraph (4) notwithstanding.

In other words, subparagraph (4) remains, the actual exemption to remain, to safeguard any future dangers that might imperil the

causes of religion. That should always be there. Today, there is no imperiling of religion. I think that the present exemption, allowing uneviscerated poultry to go into commerce is not serving the cause of religion, in fact.

Mr. JONES of Missouri. That is the point I am trying to get at, because a minute ago—you did not say it, but it was said here, and I thought Mr. Katz said that there was a difference of opinion, and you were telling me that the representation that you were making here was one that would be concurred in by all rabbis?

Rabbi GREENBERG. By all rabbis—by all rabbinical authorities, I would say.

Mr. JONES of Missouri. Recognized by whom? By your association or who?

Rabbi GREENBERG. No, no, I would say by the various organizations, the orthodox rabbinical organizations in this country, these national organizations.

Mr. JONES of Missouri. Wait a minute. The national organizations. How could that be a national organization?

Does not the local organization have the same right?

Rabbi GREENBERG. I wanted to differentiate between the organizations and the individuals. There might be individual rabbis who might differ. I do not know of any—I have not heard of any differences up to this date, but I just say that if, as Mr. Ferster mentioned before, there were one rabbi who would say differently, then it would not be in conjunction with the organization of rabbis—with the unbiased view of a general organization.

Mr. JONES of Missouri. Congress, throughout the years, has always taken cognizance of, and has recognized, that, and has been sympathetic to that and have protected religious views of everyone in this legislation. We have written it into every law, exemptions. In other words, trying to do that and yet I am surprised to find that some member of a religious organization would now come and say, because it might be a small group, that they should not be given the same consideration that Congress has always in the past given to religious organizations. That is what I am trying to determine, as to this statement that you made here.

That is all, Mr. Chairman.

Mr. PURCELL. Do you have some comments to make?

Mr. KATZ. May I have one moment?

Mr. PURCELL. Yes.

Mr. KATZ. Congressman Jones, I just want to answer that in this sense: I do not want to leave this go unclarified. There are differences of opinion in every religion, and I am sure that this difference of opinion exists. We are not trying to take away the right of the woman who wants to go to buy a live chicken and have it slaughtered under the ritual of the Jewish law and then have it eviscerated before her; in other words, to take that right away. We are merely saying that when the rest of the Hebrew public is subject to poultry of this sort coming into the cities which has not been federally inspected and has not had a rabbinic alongside inspecting it, too, that the plant that is presently involved in intrastate as well as interstate poultry trade should not be permitted to do it willy-nilly. This is not a question of taking anybody's rights away. If a woman wants to buy her own

chicken, to do this, we do not want to exclude anybody, but this has been misinterpreted to some extent, and we are not out to take away the religious freedom of our own people.

Rabbi GREENBERG. May I add this one comment more?

Mr. PURCELL. Yes.

Rabbi GREENBERG. I am not a real expert, but I believe that in the bill, H.R. 15146, on page 18, there is already an exemption—if I am correct—to that person who desires to examine her own poultry and to eviscerate her own poultry. That person would only have to buy this at a plant which sells retail to a consumer directly. I think it is on page 18, subparagraph 2, that it is possible for any individual consumer to go into a live poultry market and there buy the poultry and eviscerate it herself. So, no one is being discriminated against, even if he or she wants to use a certain prerogative. The exemption, I think, is included in this paragraph.

Mr. JONES of Missouri. I am not going to prolong this discussion. I merely pointed that out, as to the recommendation that you had that there be included in the proposed legislation a provision which would specifically prohibit the sale of uneviscerated poultry.

Rabbi GREENBERG. That would be in general commerce, because this exemption on page 18 does not refer to general commerce, and that woman who is interested would always be able to have that right.

Mr. PURCELL. Is there anything further?

Mr. Foley?

Mr. FOLEY. I would like to say, Mr. Chairman, that I deeply appreciated the testimony of Mr. Katz and Rabbi Greenberg. I think we realize that the subcommittee, naturally, is not expert in these areas, and we need the advice of recognized Jewish leaders in an area where we fully recognize that religious customs are necessarily practices to be seriously considered. I believe we can profit very much from the testimony that has been given to us here today.

Mr. KATZ. Thank you.

Mr. PURCELL. That will be done.

(Mr. Greenberg subsequently submitted the following additional information:)

PATERSON, N.J.

HON. GRAHAM PURCELL,

*Chairman, Subcommittee on Livestock and Grains, House of Representatives,
Washington, D.C.*

To supplement previous testimony to your committee, may I add the following:

1. The prohibition against all (including kosher) uneviscerated poultry requested in my recommendation, does not infringe upon any religious requirements since the consumer's rights to examine his own poultry is not violated by this provision. Bill HR 15146 section 5(C) sub paragraph "2", page 18, already provides protection to the consumer who chooses to buy at a retail store, where the poultry is slaughtered, and he is personally able to examine the viscera and carcass.

2. At present, the vast majority of non eviscerated kosher poultry shipped in intra state commerce, is sold by wholesalers to the retail butchers, who do the evisceration themselves, and sell the product to the consumer in eviscerated form.

This product does not receive any competent rabbinical or Federal inspection. Inasmuch as the poultry is already eviscerated when it reaches the consumer, he is evidently not examining the viscera himself, but is relying on the retail butcher for inspection.

Hence the religious prerogative of self examination of the viscera does not apply.

Rabbi MEYER GREENBERG.

Mr. PURCELL. At this time, I will recognize another colleague of ours, Mr. Dave Henderson of North Carolina, who will present to us Mr. Marvin Johnson.

And while they are coming forward, it might be observed that we have great partiality here prevailing between Members and constituents. It just seemed to me that we might recognize the fact that we are partisan at this time of this year in all parts of the country.

We welcome you here.

**STATEMENT OF HON. DAVID N. HENDERSON, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF NORTH CAROLINA**

Mr. HENDERSON. Mr. Chairman and members of the subcommittee, thank you very much. I did not know whether I would be able to get here today. I am delighted that my schedule made it possible for me to come over.

It is indeed a privilege to present Mr. Johnson, who is president of the National Turkey Federation and who will testify before you this morning. I have known Mr. Johnson all of his life. I can say that because I am older than he is.

I might point out to the committee that Duplin County in the last few years has led the State of North Carolina in agricultural production.

This has become true because of the growing poultry industry there, in addition to its other leading crop—tobacco. We have become a diversified agricultural county.

Mr. Johnson and his father have been leaders in the turkey and broiler production field in Duplin County and the surrounding counties of the district that I have the honor to represent.

Mr. Johnson, of course, this year as president of the National Turkey Federation, has been honored by the turkey producers of this country.

I introduce him to you today as a distinguished leader in agriculture in my home county and my district and in the State of North Carolina.

Thank you very much, Mr. Chairman.

Mr. PURCELL. Mr. Johnson, I welcome you and I hope you hold up to all of that.

**STATEMENT OF MARVIN JOHNSON, PRESIDENT, NATIONAL
TURKEY FEDERATION; ACCOMPANIED BY LEW WALTS, DIRECTOR
OF PUBLIC RELATIONS, NATIONAL TURKEY FEDERATION;
AND JOSEPH O. PARKER, COUNSEL**

Mr. JOHNSON. Mr. Chairman and members of the subcommittee, the gentleman on my right here is Joseph O. Parker, legal counsel, and the gentleman on my left is Mr. Lew Walts, director of public relations of the National Turkey Federation.

My name is Marvin Johnson, president of the National Turkey Federation. Membership in this organization is nationwide and covers producers who are responsible for the production of the major portion of the Nation's turkey crop. We have about 4,000 members. A large segment of other interests of the industry—the breeders, hatcherymen,

feed manufacturers and distributors, processors and marketers—also take a very active part in the Federation's affairs.

I am a turkey producer from North Carolina. I was born in the rural community around Rose Hill and have spent practically all my life there. When I was a boy my father, Nash Johnson, was a farmer and hatcherman. After graduating from Rose Hill High School and serving in the merchant marine, I started farming about like other farmers in the area, raising tobacco, strawberries and other crops that grow well in the area. I also had a few turkeys. In 1955 we began to expand our turkey operations. In 1967 we produced 1.5 million head of turkeys and about 15 million broilers. The turkeys were marketed through an officially inspected plant at Raeford, N.C., and the chickens at Rose Hill. Both processing plants are jointly owned by ourselves and others.

The National Turkey Federation's board of directors at their annual convention in early January resolved to support legislation to expand poultry inspection to full coverage. The resolution is as follows:

Whereas, the National Turkey Federation strongly supported the enactment of the Poultry Products Inspection Act under which consumers are assured of the wholesomeness and proper labeling of all poultry products which bear the federal inspection legend, and

Whereas, 87 per cent of all live poultry sold off farms is now subject to mandatory federal inspection, and

Whereas, the National Turkey Federation recognizes the desirability of extending federal inspection to all poultry and poultry products to further protect consumers,

Now, therefore, be it resolved that the Poultry Products Inspection Act be amended to bring the remaining 13 per cent of poultry sold off farms under the federal inspection system.

The turkey industry and the National Turkey Federation have strongly supported the present poultry inspection system. Along with other poultry groups, it was instrumental in getting legislation for mandatory poultry inspection about 10 years ago. According to the Department of Agriculture figures, about 94 percent of the turkeys sold off farms are inspected under the Federal inspection program. A good portion of the remaining 6 percent is represented by producers who process and sell turkeys of their own raising direct to consumers. Many of them were not involved in interstate commerce and may be subjected to local inspection systems. However, those who were, were exempted under the Poultry Products Inspection Act for selling in a rather restricted outlet for a service. The provision for this type of exemption would be terminated under the bill supported by the administration.

Although our association supports full coverage, we do recommend that the committee consider carefully the elimination of this producer exemption of the producer law. If these producer-operators are to stay in business, the inspection agency will be obliged to supply inspection under conditions which they must operate without weakening any protection to the consumer. Unless inspection can be provided under section 15 of the Poultry Products Inspection Act or similar provisions, these "small" turkey producers could be forced out of business.

We emphasize that the present poultry inspection system as administered is widely recognized as being unexcelled anywhere in the world.

The confidence it has helped to establish in poultry products has, we believe, contributed greatly to the increased use of poultry products both in domestic markets and for export. We believe that the worldwide recognition of this inspection system has been one of the strongest factors making it possible to secure and hold expanded export outlets in spite of attempts to curtail them through the use of economic tariffs or artificial health barriers.

With this observation and experience, we strongly recommend this committee extend coverage of the present law to the remaining 6 percent not now subject to it. This could best be accomplished, in our judgment, by amending the Poultry Products Inspection Act to cover this area. Any of the provisions of bills similar to H.R. 15146 relating to extension of coverage beyond the plant, which the committee believes desirable, could also be added as amendments to the present law.

In other words, we believe we should not run the risk of impairing a highly efficient program to encompass the remaining 6 percent by adopting an entirely new program with all the attendant uncertainties. Instead, we believe we should extend the program now applicable to the 94 percent to the remaining 6 percent.

The extension of the present law to the remaining 6 percent, as suggested, would in no way prevent the Secretary of Agriculture from developing and carrying out a cooperative program with the States under which an appropriate State agency would be empowered, with its own personnel, to carry out the requirements of the Poultry Products Inspection Act. Section 18(b) of the present law clearly authorizes such programs and procedures, including the authority to pay the entire cost of the program by the Federal Government, if the Secretary so desires.

There would be no question under this suggestion that the law and regulations which would be carried out at the State level, with respect to intrastate product, would be identical with the Federal inspection program. It also would not be necessary for all the States to attempt to enact 50 separate laws and regulations or for the Secretary of Agriculture to have to attempt to harmonize these different laws with the Federal regulations.

Perhaps of even greater significance is the fact that uniformity and equality of application of the laws at the State level, as well as in the Federal program, could best be achieved since there would be a single program under a single set of laws and regulations being carried out with the same administrative supervision and control as that accorded Federal plants.

We cannot stress too strongly the need for uniformity, both for the protection of the consumer and for the industry. The consumer is entitled to know that the product she buys, wherever she makes her purchase, and whether the product has moved in interstate commerce or not, has been inspected for wholesomeness in accordance with the same high single standard as provided under the Poultry Products Inspection Act.

It is essential, we feel, that the industry have a uniform system applied equally to all plants to eliminate competitive inequities which would otherwise exist.

We also concur in the position taken by Mr. Pringle, in which he pointed out that under H.R. 15146, product inspected under a State

program, as authorized under that bill, does not in our judgment, provide adequate administrative control to achieve uniformity. Consequently, it would be necessary to make it clear that the poultry processor have the election of operating under either the State or Federal program.

We also concur and support the position taken by Mr. Pringle that in the event a program like that proposed in H.R. 15146 is adopted by the committee, a provision should be developed to require that the State's share of the cost be met with appropriated funds of the State, so it will be equal to the requirement of the Federal law.

We believe that the committee, in deciding whether to extend the jurisdiction of the Secretary of Agriculture to include condemnation and seizure authority outside the official plant, should consider whether such authority is necessary to accord the protection desired and to warrant the additional cost which may be involved. We mention this because the authority of the Secretary of Agriculture and those of the Food and Drug Commissioner could duplicate one another, but both having administrative responsibility undoubtedly would find it necessary to maintain staff to carry out that responsibility. ✓

We appreciate this opportunity of presenting our views and hope the committee will favorably consider amending and extending the present Federal law.

Mr. PURCELL. Thank you very much, Mr. Johnson.

Are there any questions?

Mr. Foley?

Mr. FOLEY. Mr. Chairman, I should like very briefly to congratulate Mr. Johnson on his statement, and say that I am glad to know that the National Turkey Federation has announced its support of this legislation to upgrade the quality of all poultry products. I also want to say again that it is a pleasure to see this very important national organization come forward and take such a forthright stand.

Thank you.

Mr. PURCELL. Thank you very much.

We will now call on Mr. Carl Nall, executive secretary, Pacific Dairy & Poultry Association, 5420 West Jefferson Boulevard, Los Angeles, Calif.

We will be glad to hear from you now.

STATEMENT OF CARL NALL, EXECUTIVE SECRETARY, PACIFIC DAIRY & POULTRY ASSOCIATION, LOS ANGELES, CALIF.

Mr. NALL. Mr. Chairman and members of the subcommittee.

My name is Carl Nall; I am executive secretary of the Pacific Dairy & Poultry Association, 5420 West Jefferson Boulevard, Los Angeles, Calif.

The Pacific Dairy & Poultry Association is a nonprofit trade association serving the poultry and egg industries of the 11 Western States. It was organized in 1924.

I consider it an honor that I have the privilege of appearing before the committee today and to testify in support of amendments to the Poultry Products Inspection Act of 1957.

The association is in support of legislation to improve and further assure every consumer of our products, a wholesome and nutritious product in every respect.

Before the Poultry Products Inspection Act was passed in 1957, and the association was in strong support of this act, we were sponsors of legislation in California setting up a mandatory State inspection program for poultry and poultry products. This law was approved in California in 1955 and was, to the best of my knowledge, the first State in the Nation with a mandatory inspection program. We have seen tremendous progress in the inspection service and the industry has been the beneficiary of unparalleled confidence in the inspection programs in governing the industry as is evidenced by the phenomenal growth of the industry since these early days.

While the association has taken no firm position on either of the bills being considered, they are aware that the inspection program you are discussing today is of utmost importance to the industry. Differences of opinion as to proposals before you are present. These include the possible approval of programs being authorized by a State or a municipality and the subsidization of these programs by Federal funds as referred to in section 5 of H.R. 15146. The extensiveness of recordkeeping requirements as set forth in the same bill, section 23, are also of concern. The major interest of the association is to insure uniformity of inspection and to do so without undue exposure as may be evidenced in the unlimited provisions concerning recordkeeping.

Above all, the association wishes to commend the present Poultry Products Inspection Act for setting up a program that has been a model to inspection services around the world. We are not here in any way to criticize this program, but—and if I may paraphrase a statement of one of your distinguished committee members, the Honorable Catherine May from Washington State, who spoke at the Institute of American Poultry Industries meeting at Kansas City on February 11, 1968, as follows:

The Poultry Industry Inspection Services is to be commended for outstanding service to the American consumer. Current considerations of legislation should be considered as an effort on the part of the industry to improve an already good inspection program.

This committee is to be commended for its constructive work in considering proposals before it that would amend the Poultry Products Inspection Act, making it an even better act.

Mr. PURCELL. Thank you very much, Mr. Nall. Are there any questions?

We appreciate your being here.

Next, we will call on Mr. Harold Ford, executive secretary of the Southeastern Poultry and Egg Association, Decatur, Ga.

We will be glad to hear from you now, Mr. Ford.

STATEMENT OF HAROLD FORD, EXECUTIVE SECRETARY, SOUTHEASTERN POULTRY & EGG ASSOCIATION, DECATUR, GA.

Mr. FORD. Mr. Chairman and members of the subcommittee, my name is Harold Ford. I am presenting the position of the Southeastern Poultry and Egg Association on the proposed amendments to the Poultry Products Inspection Act.

Southeastern Poultry & Egg Association is a 12-State trade association with membership consisting of producers of frying chickens, turkeys, commercial eggs, feed milling, hatcheries, and processors.

The membership produces in excess of 70 percent of the Nation's frying chickens, approximately 17 percent of the turkeys, and 35 percent of the commercial eggs. You can easily see why the legislation under consideration by you is of great importance to our membership.

Other poultry organizations have presented the statistical information on the dynamics of the poultry industry, and in the interest of conserving time I have deleted such editorializing from my statement.

Southeastern endorses the basic principles and objectives of the several bills under consideration by your committee to amend the existing Poultry Products Inspection Act. In the 12 Southeastern States, where 70 percent of the Nation's frying chickens are produced we find that 96 percent of the chickens produced are now inspected by the Federal Government. Therefore, the extension of the program will only affect 4 percent of our membership production. We are in support of legislation that will accomplish the following:

(1) Extend the present Poultry Products Inspection Act to include intrastate shipments.

(2) Provide for equal standards and criteria at all levels of enforcement, regardless of the Government agency charged with enforcement, if it be Federal or State.

(3) If the legislation provides for a State-Federal administered program, the language should clearly state that the processor has the option of being under a Federal inspection program or to elect to operate under the State system, if it so desires.

We do not believe a processor who is currently operating under the Federal program should be forced to change to a State-Federal program—nor do we believe he should be forced to stay with the Federal program if a State-Federal program should become available in his State.

It is suggested in some of the proposals that extensive recordkeeping be required and that those records be available for review and inspection by the Federal Government. We do not see the need for this and we can see no relationship between the financial records of a company and the wholesomeness of that company's product. We suggest that the existing provisions of the law as it pertains to recordkeeping are adequate. Please be assured that Southeastern strongly endorses the efforts being made to provide wholesome poultry to our customers, the consumers of poultry meats.

Thank you for providing the opportunity to express our support.

Mr. PURCELL. Thank you very much, Mr. Ford.

In regard to your point 3 on page 2, you are saying that they should be able to use State or Federal inspection, that they should have this choice. This law provides that anyone who is not being federally inspected will have, as the bill says, up to 2 years to make a choice, where they are not now competently inspected at the Federal level. It seems to me that if that is the case everywhere, then my understanding is that under the present law anyone who wants Federal inspection can ask for it and get it.

Is that your understanding of it?

Mr. FORD. This is what we would like to see, sir. But I am not sure in my judgment that the language clearly states this. This has been debated among our industry people. In reading the bill, the question has been presented to me: Does this mean that I have to under Federal

inspection—or have been for 8 years—that if my State elects to have a State program, that I would be forced to go to a State program versus the Federal program?

Mr. PURCELL. It is certainly not the purpose of those of us who introduced this bill, so far as I know, to have this happen. Certainly, it is not my purpose of myself. And I presume that I can speak for those whose names appear on the bill, that it is not our intention that anyone who is now federally inspected would have to continue to have Federal inspection.

Mr. FORD. I am pleased to know that.

Mr. PURCELL. On the other side of the coin, if a person intends to go into interstate commerce, I am quite confident that Federal inspection not only will be but must be provided for. You must comply with Federal inspection requirements before going into interstate commerce. So I am trying to make it clear that maybe we will have to introduce new language here to cover this, but I think it should be cleared up on that point.

Mr. FORD. Thank you.

Mr. PURCELL. Mr. Foley?

Mr. FOLEY. I should like to congratulate Mr. Ford for his statement. I do want to tell you that I am one of cosponsors of the legislation of a so-called State-Federal system as distinguished from our time-proven Federal system and a federally-aided but separate State system.

Do you favor the idea behind section 5(c)5?

Mr. FORD. I think our membership would want to approach this with a lot of caution. We have been 8 years in the present program, to get it refined, so that we have standardization among States, among plants, even within the States. We want to move very cautiously, so as to prevent them from throwing it right back with the same problem that we thought we had pretty well solved in the past 8 years.

Mr. FOLEY. Is it not true that there have been substantial investments in gaining recognition of the Federal inspection mark in interstate commerce?

Mr. FORD. Yes, sir, in great part.

Mr. FOLEY. Is not that Federal inspection mark recognized throughout all of the United States?

Mr. FORD. If I may put another hat on? I still have a financial investment in a processing plant. And in our advertising program we play this up. We say in our literature that we have federally inspected products.

Mr. FOLEY. And you would not support anything that would degrade the meaning of the Federal inspection mark or the recognition that you have had from the Federal inspection mark?

Mr. FORD. That is correct.

Mr. FOLEY. Thank you.

That is all, Mr. Chairman.

Mr. PURCELL. My dear friend and colleague might not fully agree with all of this.

I would just point out to you that if we follow the theory that you and other perceptive witnesses have presented here, of willingness to be standardized for the sake of standardization, having Federal programs across the board, then I think that you would have some difficulty in

the State of Georgia and in other States following this rationale totally. I doubt that we want to have the Federal Government standardize the schools and the hospitals and all the other aspects that you would be bringing up when you adopt that policy. I say this because I want to point out to you that these are the problems that we have to face, and we will face, in our executive sessions and otherwise as we discuss it. This is a larger problem than just accommodating you who happen to be in this industry.

Mr. FORD. I understand. I do not want the committee to misinterpret my statement. I am not qualified to speak on the level of the educational bill. I am only making my remarks to this subject.

Also, keep in mind that in the 12 Southeastern States we are only faced with about 4 percent of our production that is going to face any change. There may be a third of our members who are not now under any inspection program. Approximately 60 percent have indicated that they will discontinue operations, and to clarify that so that it will not be worded as putting them out of business, they do not have the finances nor do they want to submit to building new plants. So, in our area we are faced with a great increase of a program, sir.

Mr. PURCELL. I understand that.

I yield to Mr. Foley for 15 seconds for rebuttal.

Mr. FOLEY. I want to say that some of us who have been supporting the importance of Federal authority in poultry inspection do so out of conviction that the States have failed in many areas to apply comprehensive and strict standards of health in poultry inspection within their borders. We do suffer. In 33 States of the Union, there is no poultry inspection system at all. This alone indicates that something must be done. It should be the States' responsibility but they do not assume it.

Mr. PURCELL. You used up 37 seconds. [Laughter.]

Thank you very much, Mr. Ford.

At this time I will ask unanimous consent that Mr. Don M. Turnbull's statement, on behalf of the American Poultry and Hatchery Federation, be allowed to become a part of the record at this point.

(The prepared statement of Don M. Turnbull follows:)

STATEMENT OF DON M. TURNBULL, EXECUTIVE SECRETARY, AMERICAN POULTRY AND HATCHERY FEDERATION

My name is Don M. Turnbull. I live in Kansas City, Missouri where I am employed as the Executive Secretary of the American Poultry & Hatchery Federation.

The Federation is a not-for-profit trade association serving poultry hatcherymen and integrated poultry and egg producers. The Federation Board of Directors is composed of one director each from 41 state poultry associations. It was organized in 1916.

We appreciate the privilege of addressing the Sub-Committee on the matter of an expanded poultry inspections for wholesomeness program.

Our organization subscribes to the philosophy that the consuming public should be given every reasonable assurance that the poultry and poultry products offered to it are wholesome in every respect.

There was strong unity among industry members 10 years ago in fostering and developing the Poultry and Poultry Products Inspections Act of 1957, legislation which made it mandatory that all poultry and poultry products offered for sale in interstate commerce be officially inspected for wholesomeness.

Any differences of opinion that may have prevailed at that time were, for the most part, concerned with the mechanics of the plan and fairness from an economic standpoint. So far as we have been able to determine, the industry was of

one accord then with respect to its desire to offer the American Public a wholesome product and it still is.

Ours is a relatively new industry. We made the transition from New York dressed poultry to fresh-killed, eviscerated and cut-up poultry during and immediately following World War II. That the public welcomed this new industry and its new products is shown by the remarkable growth since then.

In 1946, we produced only 2.7 billion pounds of all kinds of poultry meat. This reached the staggering figure of 8.0 billion pounds in 1965.

We produced only 293 million broilers in 1946, as contrasted with 2.7 billion in 1967. In 1946 we produced only 40 million head of turkeys, compared with 126 million head last year.

This phenomenal growth could not have been possible had it not been for public satisfaction with the product on the counts of economy, quality and wholesomeness.

We stand united in our determination to maintain the integrity of the industry and its products in the eyes of consumers. A sound reputation for wholesomeness has become a necessity for the acceptance of any food item. We recognized this in 1957 and we know that support is industry-wide now for shoring up whatever short-comings there may be in the legislation enacted at that time.

That Act has had its shake-down cruise. Much of what needs to be done can be done within the confines of that legislation.

According to the United States Department of Agriculture, the amount of poultry slaughtered and processed in 1966 under the Poultry and Poultry Products Act constituted 87% of the national production.

The inference has been made in public, on several occasions, that the remaining 13% was unwholesome and unfit for human consumption. Such was not the case, and the Poultry Industry has a right to take offense at such statements. They have served no valid purpose other than to smear one of the most progressive of the nation's food industries.

The committee has available and we sincerely hope has taken full note of the survey by the United States Department of Agriculture that covered 97 poultry processing plants not currently operating under the terms of the Poultry and Poultry Products Inspections Act. The survey showed that of these plants, 37 had standards for wholesomeness that would immediately qualify them for operation under the Act, 26 would require only moderate changes to comply and the remainder would need major improvements. The point is that not all of the 13% of our tonnage processed outside the jurisdiction of the Federal Government's inspections program in 1966 was of necessity below federal standards, as has been implied. We wish the record to show this.

There are several bills before this committee, any one of which would bring under official inspection most, if not all, poultry slaughtered and offered for sale.

Each has its good qualities. H.R. 15146 is perhaps the most comprehensive. It not only sets up standards for federal-state cooperation, but also extends inspections for wholesomeness to our products after they leave our hands and enter the nation's food distribution channels. This is worthy.

The bill also concerns itself with improper labeling and adulteration and misbranding.

It extends not only to poultry slaughtered for human consumption, but to products destined for animal food.

We are concerned over wording which would, if we interpret it properly, extend federal technical and financial assistance even down to municipalities for local inspection-for-wholesomeness. Will this lead to overlapping to the extent that we'll wind up with a great army of inspectors? (Sec. 5-B)

Then there are many consumers who prefer, for reasons of personal taste and because of holiday sentiment, to obtain their chickens, turkeys and geese direct from producer-farmers. They want freshly-killed and dressed poultry direct from the farm. Provision should be made to preserve this family farm enterprise.

I don't think it necessary for me to amplify on the need to retain provision whereby poultry can continue to be slaughtered in accordance with religious rites.

It's our understanding that if the 97 plants recently surveyed by U.S.D.A. were brought into the orbit of federal inspection or its equivalent over 95% of all poultry processed in the U.S. would then be processed in accordance with the minimum requirements for wholesomeness as set forth in the Poultry and Poultry Products Act of 1957. That remaining would consist largely of the on-the-farm family operation and that slaughtered in accordance with religious ritual.

The committee needs to consider whether it is worth the effort and expense to go after that remaining small volume. Perhaps Sec. 14(C) solves this.

Finally, the objective should be an inspections program that embodies common sense, giving consumers every assurance of wholesomeness they require, and with equal assurances to a great and progressive industry that the inspections will be conducted with equality and uniformity, and that the mechanics involved will be reasonable and practical.

There are some loose ends in H.R. 15146 which could create considerable confusion through multiple authority. Note that the provisions concerning labeling may apply only to poultry inspected under federal supervision and not to poultry inspected at the state level.

There is a need for uniformity of application and this can become a matter of great concern.

Mr. PURCELL. We are going to have an executive session of the full committee at 10 o'clock for about 15 minutes—the chairman said.

I want to be on hand here when that happens, but we are scheduled to meet at 10:15, realizing that it is the 22d of February. There are some Government employees on vacation and some of you who are members of the fourth estate, the news media, intend it to be a vacation, but if you want to hear what goes on here, we will be in recess until 10:15 o'clock in the morning.

(Whereupon, at 12:15 p.m., a recess was taken until 10:15 a.m., Thursday, February 22, 1968.)

AMEND THE POULTRY PRODUCTS INSPECTION ACT

THURSDAY, FEBRUARY 22, 1968

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON LIVESTOCK AND GRAINS
OF THE COMMITTEE ON AGRICULTURE,
Washington, D.C.

The subcommittee met, pursuant to recess, at 10:35 a.m., in room 1301, Longworth House Office Building, Hon. Graham Purcell (chairman of the subcommittee) presiding.

Present: Representatives Purcell, Poage, Jones of Missouri, Nichols, Montgomery, Dole, Miller, Mayne, Zwach, and Kleppe.

Also present: Christine S. Gallagher, clerk; Martha Hannah, subcommittee clerk; William C. Black, general counsel; Hyde H. Murray, assistant counsel; L. T. Easley, staff consultant; and Fowler C. West, assistant staff consultant.

Mr. PURCELL (presiding). The subcommittee will come to order.

Is Mr. Reuben Johnson, of the National Farmers Union, in the audience?

(No response.)

Mr. PURCELL. If not, I will call Mr. Harry L. Graham, of the National Grange. We will be glad to hear from you now.

STATEMENT OF HARRY L. GRAHAM, LEGISLATIVE REPRESENTATIVE, THE NATIONAL GRANGE

Mr. GRAHAM. Thank you, Mr. Chairman and members of the subcommittee.

In coming before this committee on behalf of the Nation's oldest farm organization, the Grange continues a tradition of many years of actively supporting legislation which will insure to the consumer food products of the highest quality. This is based upon the simple reasoning that the acceptability and use of a product is directly related to the confidence of the consumer in the wholesomeness of the product itself.

We believe that the proper inspection of poultry products is in the best interest of the producer, the slaughterer and packer, the retailer, and the consumer alike. We are unable to understand how the interest of a farmer is served, in the long term, by his ability to dispose of animals for slaughter which are diseased or dead, since this will adversely affect the market.

In the same manner, we are unable to understand why this should be opposed by any packer who is legitimately engaged in furnishing the wholesome food products for the American people. If his business depends upon his ability to market animals which were diseased at the time of slaughter, or which have been adulterated in the handling

process, then his business is on an extremely shaky foundation from the very beginning.

The retailer which buys such animals or poultry and disposes of it as loss leaders, has not served his own best interests when the sales lead to dissatisfied customers.

Just last week, my wife prepared a chicken which, when cooked, still had the off-taste smell resulting from the dressed bird having been soaked in a formaldehyde solution, which is a common practice to prevent putrefaction in meat products, even as it is used in embalming the human body.

If we examine the report of the State and Federal poultry inspection programs released by the USDA, in January 1968, we learn that 3.7 percent of the 10,386.3 million pounds of chickens and turkeys which were federally inspected were rejected. This is a total of 384.3 million pounds, the equivalent of more than one-half of a large broiler per person in the United States.

When we apply this same percentage of rejection to the remaining 1,730.2 million pounds of poultry which is not federally inspected, we get an additional 81.3 million pounds that should be rejected.

To further complicate this situation, the results of the survey of the 97 nonfederally inspected poultry slaughtering processing plants in 12 States which was recently completed by personnel from the Federal Poultry Inspection Service and State personnel, it was found that only 37 of the 97 plants were basically in compliance with sanitation requirements of Federal inspection; 34 of the plants would need major improvement to bring them into compliance with Federal sanitary requirements, and the other 26 could be brought into compliance with moderate changes in plant operations and facilities, the survey showed.

Of these 12 States, only California provided for a continuous inspection, both ante mortem and post mortem. Louisiana and Mississippi, major suppliers of poultry meat, had no inspection. Alabama, Florida, Georgia, Missouri, Ohio, South Carolina, Tennessee, and Texas had only spot-checking, and Texas had only post mortem spot checking. North Carolina had both ante and post mortem inspections.

Given this set of figures, is it not reasonable to believe that the rate of rejection in these, and other similar plants, where the producer and packer alike know that the inspection is spotty or nonexistent, would be more inclined to slaughter and process birds whose health was questionable, than if both knew that the slaughtering and processing were under continuous inspection under Federal supervision.

How many pounds, in addition to the projected 81 million which would be rejected, if the average held steady for these, would also be rejected if the plants were under Federal inspection is, of course, a conjecture. We don't believe that it is a conjecture to assume that this amount would be substantially larger. The total impact of these statistics indicate that each person in the United States of our total 200 million population, on the law of averages, will have served to him, during this year, at least one small-size broiler which is diseased, contaminated, or adulterated. This is unnecessary and unconscionable in our modern, technological, and scientifically knowledgeable society.

I notice that this has had considerable discussion in the subcommittee. It would occur to us that it is not unreasonable to believe that

the rate of rejection in plants which are not under continuous inspection or any inspection at all would be more inclined to be higher if they were not properly inspected, because in the regularly federally inspected plants it is obvious that the owner had to be a bit more careful in what he sends into the market. I think it is reasonable to assume that we are getting on the market today the equivalent of one medium-sized broiler per person in the United States per year that is not, basically, fit for human consumption.

Under the existing legislation, there remains still one weak link in the whole chain. This is the transportation of these slaughtered birds. When 10 to 20 tons of these slaughtered birds are loaded into semi-trailers with inadequate cooling procedure and refrigeration equipment, and sent on the long runs during the hot summer from Mississippi or Louisiana to New York City, or from Arkansas to Oregon or California, the condition of the birds at the other end can leave something to be desired.

Even if a breakdown in refrigeration equipment occurs only infrequently, it seems logical to believe that there should be some kind of inspection for putrefaction at the terminals which handle this produce, and especially since the justifiable restriction on the use of antibiotics for preservatives is now being enforced.

We are pleased that the proposed legislation would enable the Federal inspectors to take this final step of inspection of the product when it arrives at the market after long transportation hauls, as a final and necessary responsibility of the Federal inspection service.

The handling of the products by the wholesalers and retailers would then properly belong to the local departments of health or the Food and Drug Administration. The perishable nature of this particular product indicates that there is no point at which inspection can be eliminated prior to the purchase of the product.

This particular part has been questioned by Mr. Parker, and he knows more about the law than I do because he helped write a great deal of it, but this weak link in transportation I think should be covered. I think the administration bill covers it a little better than the present provisions under the Food and Drug Administration, which do not have a regular inspection at the end of the line.

We are concerned about the long-haul transportation of slaughtered birds in trailers, because, in some instances, where the doors have been opened after these long hauls, you had to get outside of the door to keep from getting knocked over by the odor that came out of the trailer.

This is perfectly possible when we send them on hauls of 1,000 or 1,500 miles in hot weather, where there could be some possibility of refrigeration breakdown. I think this possibility simply has to be eliminated, because otherwise the work we have done previously will have a tendency to break down. This legislation that the administration has proposed covers that.

For the reasons previously given, the Grange supports the strongest of the inspection laws which are being considered by this distinguished committee today. However, we would point out that there is an additional reason which is arrived at by the use of a political pragmatism, which is just as practical as is the general welfare and consumer preference previously mentioned. This is the simple fact that, even if we

wished to shortcut the processes which protect the consumer and the public, the time is long past for an agriculture to be able to set itself up over and against the rest of our society.

While we don't believe that we should, if we could, enact inadequate legislation for the purposes stated in these proposed bills, we don't believe that we could, if we would. Previous experience in the House and Senate during this Congress have made it abundantly clear that both the House of Representatives and the Senate are going to insist on the tightest possible inspection procedures.

Therefore, it seems obvious to us that this distinguished committee should, in the interest of agriculture and the total agricultural program, dedicate itself, as responsible producers groups have already done, to assuring the public that it has no reason to question the wholesomeness of any product which is placed on the counters of our very fine food outlets.

Any attempt by this committee to impose its will otherwise brings both the committee and agriculture in general into question in the political arena, where other major decisions affecting the welfare of American agriculture are resolved. We therefore urge this committee to adopt the legislation proposed in H.R. 15146.

Having said this, I would like to make an exception to that, and that is in the case of turkeys, where the private operator is slaughtering, packaging, and retailing the turkeys for himself, when it enters into the commercial channels, and where, basically, their whole process and the acceptability of their product is geared to the fact that they have a quality product that sells at a premium price; it would not seem to me to justify their blanket inclusion under these provisions, but rather the arrangement by which the Secretary may designate inspection procedures which might differ a bit in this case, just as the same arrangement is in the present law in regard to kosher-slaughtered animals—poultry especially.

With that exception, which I hope you will consider—I am sure that if it has not been called to your attention it will be—then we would support the legislation which has the designation of H.R. 15146.

We believe the American consumer is no longer going to be satisfied by comparisons with inadequate procedures which indicate that we have the best of a bad lot. What they want—and at the present time we would point out that most farmers are also purchasers of commercially slaughtered and processed meats and poultry—is that the products which are placed upon their tables are of the highest quality that good and careful farmers can produce, and that the best equipped and properly inspected slaughtering and processing plants can prepare. As the producer and processor cooperate with their State and Federal inspection systems, the confidence of the purchaser in the integrity of his product is made complete, and the welfare of all is properly served and enhanced.

I thank you.

Mr. PURCELL. Thank you, Mr. Graham. Are there any questions of this witness?

Mr. JONES of Missouri. Mr. Graham, I cannot quite follow you here. You are speaking about this exception. You would confine it to turkeys, as I understand it. What about the fellow who raises geese and ducks?

Mr. GRAHAM. Well, I would not oppose it on geese and ducks. I might oppose it on chickens, where the volume is so much greater—it can be by the very nature of the business. I think, generally, those who have a business that is direct—where they directly serve their customers—should be covered.

Mr. JONES of Missouri. Do you not have it in other things than turkeys, where they directly serve the customer?

Mr. GRAHAM. Yes. I said that I would not oppose this exemption for ducks and geese. I think there is more apt to be more volume in turkeys in some instances, although not in others. I know that out on Long Island, when you get in those big duck farms out there, there is an awful lot of them.

Mr. JONES of Missouri. You have a corporation setup there. I understand that. But then, you have also some smaller operators who specialize in quality ducks.

Mr. GRAHAM. If they do that, I think that we would support this exemption for them. Really, going back, I do not see any justification except in terms of chickens, but where the man's business depends upon his producing a quality product and his ability to sell for a premium price, the burden is, certainly, on his back to produce the quality product. I think there is less danger of damage to the public health in that case than there is volume production that moves through many channels before it gets out into the consumers' hands. I would not object to that at all, Congressman Jones.

Mr. JONES of Missouri. Then, another thing, as I mentioned yesterday, a thing that I am always afraid of. I am for a quality product. I do not always agree that it is necessary to go into a lot of new construction and a lot of new buildings in order to bring that about.

You mentioned, also, on page 3, about ante mortem and post mortem inspections only being provided for in California, out of these 12 States. I have been through a number of poultry processing plants and, frankly, with the inspector there all that he can possibly do is to see that these birds move along, spot-checking it all along. In other words, so far as trying to inspect every bird that goes through that plant, it would be an utter impossibility to do it, to maintain any efficiency of operation on a volume basis.

So I think that this spot-checking that you referred to, in that you left the inference that that is maybe not a sufficient thing, do you know of any place where every bird is checked as it goes through the plant?

Mr. GRAHAM. That is, perhaps, a matter of semantics. I am aware of what you are talking about. I am in complete agreement with that. Perhaps better words would have been, "intermittent checking," where they come in one day and the time that they come in is at their discretion, and they come at odd times in order, presumably, to surprise the people.

I think in terms of chickens, to do that, as you say, as fast as they go through that line, it would be like inspecting cigarettes out of these automated machines. I am not so much concerned about that part as I am about the intermittent inspections. The ante mortem inspection—this is where you first see the disease for a given product.

Mr. JONES of Missouri. Does not the whole thing finally resolve itself into the integrity of the man who is operating the business and how conscientious he is in maintaining a quality product?

Mr. GRAHAM. Of course.

Mr. JONES of Missouri. I have some of these plants in the district that I represent. I recall very distinctly—it must have been December of one year—the whole truckload of chickens coming in. I do not know how many crates of chickens they had on that truck, but it was well over a thousand birds. Well, the weather had changed. And these chickens had caught whatever it is that they get in cold weather, which is like pneumonia in human beings.

Mr. GRAHAM. We called it the croup when I was a kid.

Mr. JONES of Missouri. Anyway, the chickens all had it. He suffered a tremendous loss. The whole truckload of chickens had to be disposed of. He not only lost all of the money he had invested in the chickens, but he was put to the added expense, of course, of getting rid of those chickens and seeing that they were burned, buried, or in some manner disposed of. And he did not have the facilities for getting those into fertilizer and things like that. He lost it.

So I think I would rather risk dealing with a person I had confidence in, confidence in his integrity, than I would of having a label on the bird. I think this is one instance of where buying from a processor, buying a bird that has come from a processor, in whom I have confidence, I would risk that.

You mention here about this bird that had been soaked in formaldehyde. I am surprised that a man of your intelligence and of your experience, the experience that you have—that you would have been dealing with a place that would sell a product like that and, particularly, being an advocate of more inspection, I could not understand why you were not buying from a market that had a federally inspected tag, or a tag on it indicating to you that you were going to get a quality product. I cannot understand that.

I might say this off the record.

(Whereupon, there was a short discussion off the record.)

Mr. GRAHAM. For one thing, I do not do all of the buying.

And the second is that I do not think that we do any buying except in reasonably well-established stores. I will not tell you what stores they are.

Mr. JONES of Missouri. I do not want to inquire into that or to cause any trouble.

Mr. GRAHAM. In Maryland were we live, you have to watch in terms of whether they are federally inspected or not, because we do have them that are not. It does not happen very often. This is the first time it has happened for a long time.

We did get one that somehow or other got into the line. This is the thing that worries me, that it is possible to get this kind in some instances.

Mr. JONES of Missouri. Let me interrupt you there. Did you go back to the store to tell them what your experience had been?

Mr. GRAHAM. No; we did not.

Mr. JONES of Missouri. Do you not think you should have done that?

Mr. GRAHAM. The fact of the matter is, I think at this point that it was one of two or three that had been in the freezer. I could not tell you where it came from. This is one of the problems. There was another one that came out of the same freezer that was all right.

Mr. JONES of Missouri. I have always taken this position that, if I can make a constructive suggestion to persons or firms that I deal with, I do so, or if I see some of their employees engaging in a practice which I think is destroying the type of consumer relationship that they would like to have, I think that fellow should appreciate it when I go to him and tell him about it.

If I get a processor's product that is not satisfactory, I go back to that store. I have been in business. If anything happened in the business that I was operating, I always appreciated it if the customer would come back and tell me what was wrong so that I could correct it.

Mr. GRAHAM. When it finally got to me, the wrapping, of course, was gone. I did not prepare it. And when I got home the wrapping was gone. I said nothing. But it was not so easy in this case, because of the difficulty to identify the exact place where we bought it. Somebody had picked up one of these loss leaders and had stuck it down in the freezer.

Mr. JONES of Missouri. I just wanted to make that comment, to get your opinion on this.

I had the impression that you in the National Grange were interested in family-size farms, in the smaller operations, and things like that. Yet, in this statement here this morning, you are advocating the most stringent requirements. And apparently, as I get the impression, you are advocating that we turn over to the Federal Government all of the responsibility and to give them all of the authority in such cases which, in effect, will put out of business a lot of small operators. I do not think that that would be the intention of your organization or you, personally, would it?

Mr. GRAHAM. No, I do not agree that it would put them out of business. The fellow who grows 10,000 broilers at a time sells them into the commercial channels. There are not very many of these people, really, in terms of poultry, that do very much business in terms of direct selling.

I think the point is that these fellows are, perhaps, less apt to offer birds that are diseased because of the smaller number where they have a tendency not to be so susceptible to disease as if you were growing 100,000 at a time. At least, you do not get so many diseased birds at one time, which is an obvious fact.

Mr. JONES of Missouri. Your statement—here on page 2 you say that “34 of the plants would need major improvement to bring them into compliance with Federal sanitary requirements.”

The position that I have taken all along is that I want sanitation, but I do not want some bureaucrat trying to say how big the doors are going to be, and things like that, which have no effect whatsoever on sanitation. I think that is the thing that this Congress did not take into consideration in the red-meat inspection bill. And I think that they imposed some requirements that were much—far beyond what was necessary to accomplish what was supposed to be the goal of this legislation.

That is all, Mr. Chairman.

Mr. GRAHAM. May I comment on that, Mr. Jones, and say that I do not think that this legislation calls for such stringency. I am in complete agreement with you as to the stupidity of some kinds of

inspection, as such. Dairy is another one, where there was a rule that came out not too many years ago which stated that you had to have your hot-water plant heater 3 feet above the floor.

That meant that most of these had to cut a hole in the upper floor in order to get the hot-water system in. What difference did it really make? Those things that are immaterial, as you say, should be out. I think there ought to be proper provisions that the plant can be adequately drained and cleaned, and those things. But whether or not a concrete wall had to be painted, I think is a matter of another question.

Certainly, with our modern cleansing agents, where you can take hot water and spray it on with pressure on a lot of these walls, and it comes perfectly clean, is one thing. But certainly, it ought to have a drain to take it away.

I'm agreeing with you. And as to how you get into this, is probably a matter of separate legislation. I will assure you, Congressman Jones, that some of the most stringent laws are not on the part of Federal inspection. In the case of milk in the Chicago area, there is a book that is 2 inches thick. [Indicating.]

You should see some of the rules they have in that area. And this is just the Chicago Board of Health. A farmer could not sell milk if he had to pass that inspection in Chicago. There is no monopoly on bureaucrats in any section of Government with things that are unreasonable.

Mr. PURCELL. Are there any other questions?

Mr. Mayne.

Mr. MAYNE. Mr. Graham, I am not sure that I understand just what kind of special consideration you think should be given to the people who, I believe, you said are in direct contact with the consumer. I get the impression from what you said that, where there is this direct relationship, you feel that there is sufficient security in the circumstances, so that you would be willing to go along with some kind of exemption in that situation where it is a small operation. Is that correct?

Mr. GRAHAM. Yes. Not a complete exemption. The 1957 bill did not grant complete exemption. It granted the Secretary the right to establish rules under which there could be less stringent requirements than there might be in other sections. That is, in the existing law. I do not see any real reason for taking that out at this point.

I do not know whether I have made myself clear or not. That is what I had in mind.

Mr. MAYNE. Where the measuring stick was to be applied, would that be a matter of how many employees they had?

Mr. GRAHAM. Not as I understand it. As I understand it, the number of employees or the volume is involved in law at the present time. So, basically, I think that if they see an operation working properly, instead of having an inspector there all of the time, they need not. They are trying to get away from that. They can say, "You stay within certain boundaries, and we will do some incidental spot checking, not in terms of a certain number of birds, but we will come out occasionally," like they do in milk. And, "If you will do that, and if your reputation is there," and you recognize, as Congressman Jones

does, that there is integrity in most places of business, and let that one go along without creating any big problem.

I know of farmers who raise up to 5,000 turkeys and do all of their own work. This is a good-sized operation.

There are also other people who do not do so much, but they raise 100 or 200. We had one in New York, where people went and bought the birds after they were dressed. They bought them right at the plant. This is the kind of thing I am talking about. And if they bought one bad bird, they would not buy another one.

Mr. MAYNE. And this has resulted in the small businessman still being able to operate, to continue to do so?

Mr. GRAHAM. Right.

Mr. MAYNE. Then it would be consistent with the view of your organization that, as expressed previously, you are not trying to keep them out of operation, the small agriculturist as well as the small businessman.

Mr. GRAHAM. That is, basically, what we are trying to say. I did not say it very well, apparently.

Mr. MAYNE. Thank you.

Mr. PURCELL. If there are no further questions, thank you very much, Mr. Graham.

Mr. GRAHAM. Thank you.

Mr. PURCELL. We will next call Mr. Arnold Mayer, legislative representative of the Amalgamated Meat Cutters & Butcher Workmen of North America—AFL-CIO.

We will be pleased to hear from you.

**STATEMENT OF ARNOLD MAYER, LEGISLATIVE REPRESENTATIVE,
AMALGAMATED MEAT CUTTERS & BUTCHER WORKMEN OF
NORTH AMERICA (AFL-CIO)**

Mr. MAYER. Thank you, Mr. Chairman and gentlemen of the subcommittee.

My name is Arnold Mayer. I am the legislative representative of the Amalgamated Meat Cutters & Butcher Workmen of North America—AFL-CIO.

The AMCBW is a labor union with 400,000 members organized in about 500 local unions throughout the United States and Canada. The AMCBW and its local unions have contracts with thousands of employers in the meat, retail, poultry, egg, fish, canning, leather, and fur industries.

Some 30,000 of our members are employed in the poultry and egg industry. We are, therefore, directly affected and concerned with poultry inspection legislation.

In fact, it was our union which initiated the campaign for Federal compulsory poultry inspection which resulted in the enactment of the Poultry Products Inspection Act of 1957. In the late 1940's, the AMCBW began calling attention to the fact that poultry, unlike red meat, was not inspected for wholesomeness and cleanliness on a mandatory basis. Only a voluntary program, hired and paid for by processors, existed. We called for legislation similar to the then-existing meat inspection.

In the early and mid-1950's, the effort was accelerated when our union published two booklets which pointed to conditions existing in some parts of the industry and urged the enactment of Federal mandatory inspection legislation. In 1954, resolutions for a congressional investigation of health conditions in parts of the poultry industry were introduced at our request, but the resolutions got nowhere.

In early 1956, legislation was introduced in the House to provide mandatory Federal inspection—especially a strong bill by Representative Leonor K. Sullivan of Missouri. The legislative battle was on.

Our union led a coalition of consumer organizations, labor unions, and civic groups in support of provisions which would offer the maximum amount of consumer protection. The work of the coalition not only helped to bring about mandatory poultry inspection, but it was a factor in strengthening specific parts of the bill.

When, in 1957, compromise legislation was enacted, our union began working on behalf of consumer-protective regulations and for adequate appropriations. We continue in these efforts because we believe that we have a responsibility—as a union of food industry workers—to aid consumers. Also, we have a self-interest goal: Our members working in poultry plants are protected from illness if the plant is clean and the product is wholesome. Federal inspectors can assure this protective cleanliness and absence of disease far better than can the union grievance machinery.

We are proud of our work on behalf of this law, which has greatly benefited consumers, the industry, and poultry workers. However, the Poultry Products Inspection Act needs revision if it is to fully do the job for which it was intended.

The poultry inspection law necessarily was based on the then-existing Meat Inspection Act. It, therefore, has many of the problems of the old meat law, including the limitation of coverage to plants selling across State lines.

The effort to get any sort of mandatory Federal inspection of poultry was difficult enough. Inclusion of intrastate inspection—although perfectly constitutional—was legislatively impossible and would have probably prevented enactment of any legislation at all.

That was in 1955-57.

Attempting to increase the authority of the Federal inspection program concerning other areas would have had the same unfortunate results.

The Poultry Products Inspection Act was a great step forward in consumer protection, but it was a legislative compromise. Now, 10 years after it was enacted and 9 years after it went into compulsory effect, Congress and the industry have had adequate experience with poultry inspection, so that the consumer and worker protection can be increased.

The Poultry Products Inspection Act covers some 87 percent of all poultry slaughtered, eviscerated, and processed in the United States. That means more than 1 billion pounds of poultry processed and sold to consumers each year are outside this protective framework.

Most of the poultry which is not federally checked is not inspected at all. Only four States—California, North Carolina, Illinois, and

Wyoming—have an active mandatory program in effect. But even these programs are not adequate. All have large categories of exemptions. California uses plant employees, including plant managers, as inspectors. And because of limitations on personnel, California, North Carolina, and Illinois do not always meet the requirement of their laws that each carcass be inspected.

Uninspected poultry is a danger to the health of consumers and poultry workers. In the early 1950's, when mandatory inspection was a controversial issue, much veterinary literature was written on the diseases which can be transmitted from poultry to man. Here are a few examples:

Dr. W. L. Ingalls, a noted poultry pathologist, said in a paper presented to the 87th Annual Meeting of American Veterinary Medical Association, August 21–24, 1950:

Twenty-six diseases reported as occurring in poultry and which also occur in human beings have been considered. Some of the diseases are of interest only from an academic standpoint; whereas others, such as salmonellosis, erysipelas, psittacosis, and possibly Newcastle disease—avian pneumoencephalitis—present a definite public health problem . . . it is quite apparent that a sufficient number of transmissible diseases can and do occur in poultry to make poultry meat inspection desirable and imperative.

These diseases from poultry pose greater dangers to man than those from other mammals, according to an article by Dr. C. A. Brandly of the Department of Veterinary Science and Agricultural Bacteriology, University of Wisconsin. In his *Poultry Diseases as Public Health Problems*, Public Health Reports, May 25, 1951, he concluded:

Full scale efforts to discourage marketing of questionable or sick fowl, by rigid ante-mortem and post-mortem inspection, must precede and accompany well-planned and persistent programs to eradicate the avian reservoirs of infection.

“Fowls are by far the main animal reservoir of organisms affecting man,” researchers have found, according to the U.S. Department of Agriculture poultry pathologist, Dr. P. J. Brandly. Writing in the January 1948 issue of the *Journal of the American Veterinary Medical Association*, he also said that as early as 1939, another scientist found that “poultry constituted the greatest reservoir of paratyphoid infection among domestic animals in the United States.”

. . . The carcasses of dressed birds often contain myriads of pathogenic organisms which are introduced into the kitchen with the carcasses; and knives, sinks, pans, hands, towels, et cetera, are contaminated by these disease germs.

In preparing chicken salad, cold chicken sandwiches, et cetera, these organisms may again be introduced into the edible product, and cases of food poisoning or infection are the result. Frequent cases of food poisoning from turkey dinners are due to the introduction of these pathogenic organisms from the birds into the dressing. . . .

The poultry worker is especially exposed to disease transmitted from poultry. Two of the more common diseases are Newcastle disease, an infection of the eyes, and psittacosis—parrot fever—an influenza-like illness. Before mandatory inspection, the former was fairly prevalent among poultry workers. And the latter occurred cyclically and sometimes had deadly results.

In early 1956, for example, psittacosis swept through three poultry plants, a rendering plant, and two farms near Portland, Oreg., and

left death and serious illness in its wake. Two persons died after being in contact with psittacosis-bearing fowls. Of 62 other persons who were taken ill, 24 required hospitalization.

The disease hit two flocks of breeding turkeys, totaling 10,000 birds. It first spread to humans on the turkey farms. From there, the turkeys carried it to the rendering plant and the processing plants. Many of the workers taken ill were members of our union.

Federal inspection has cut down the outbreaks. But we suspect that some still do occur in some uninspected plants. We do not have hard information since we have not kept a strict watch on reports of illness, as we used to, and most of our members work in inspected plants.

There are three types of poultry inspection bills before the subcommittee. They are:

(a) H.R. 14741, by Representative Rogers C. B. Morton; and an identical measure by Representative William V. Roth, Jr.

A companion bill was first introduced by Senator Williams of Delaware.

(b) H.R. 15146, by Representatives Graham Purcell, Neal Smith, Thomas S. Foley, and John G. Dow; an identical bill by Joseph P. Vigorito; and an almost identical measure by Representative Leonor K. Sullivan; and

(c) H.R. 15154, by Representative W. R. Poage.

H.R. 15154 is an inadequate bill, in our opinion. It is based on the original House-passed meat inspection bill and has all the problems which that measure contained. It would provide funds for State inspection, but would not require such programs or set adequate standards for them.

H.R. 14741 would extend Federal inspection to all plants slaughtering, eviscerating, or processing poultry for human food. We favor such a provision, since it would assure that within a half year all plants would be under the same law and the same regulations. It would provide more uniformity of inspection than is otherwise possible. In this highly competitive industry, in which 1 cent a pound in price can make a big difference, uniformity is highly desirable.

But H.R. 14741 would not extend the Federal program's authority in any other way. It would not modernize the program. It would not increase labeling authority. It would not close an exemption loophole in the present law, under which 1 percent of poultry, or some 100 million pounds live weight, annually escape inspection.

H.R. 15146 follows the Wholesome Meat Act. Unlike H.R. 14741, it would modernize the poultry inspection program. It would provide inspection for intrastate plants by requiring States to enforce programs at least equal in consumer protection to the Federal; one within two—or in some cases, three—years after enactment. Otherwise, the Federal Government would take over the inspection of the intrastate plants in that State.

The best bill, in our opinion, would be a combination of the coverage provision of H.R. 14741 and the modernizing provisions of H.R. 15146. But if we must choose between the two measures which were introduced, we would pick H.R. 15146. It is a more complete bill.

But we should like to strongly urge some changes in H.R. 15146. They are:

1. New section 5(c) (5) should be deleted. It would permit State-inspected plants to ship into interstate commerce.

In other words, plants that are only under State inspection, under no other inspection—only under State inspection—under that provision would be allowed to ship across State lines.

The provision is rather ironic, for while the State authorities were so loud in complaining about alleged Federal poaching on their preserve, they are delighted to do so on the Federal one.

But there is more involved here than simply bureaucratic empire building. The rationale for section 5(c) (5) is that the bill provides that State programs be "at least equal" to the Federal program. It, therefore, is said to make no difference whether State or Federal inspection occurs.

Unfortunately, that will not be true in actual practice.

The at least equal formula probably goes as far as Congress can in the search for equal protection. But the requirement will not necessarily provide equal enforcement in practice. There will be variations in regulations and in enforcement from State to State and between States and the Federal program.

The tremendous pressures which are specially exerted on a State level will not always be withstood. The variations will cause some unfair competition, and it will be increased if State plants are allowed to ship into interstate commerce.

Any and all plants which ship into interstate commerce or to federally inspected plants can and should get Federal inspection. If the line between Federal and State programs, between interstate and intrastate plants, is to be erased, then we suggest that the intrastate plants be brought under Federal inspection rather than interstate plants being brought under State programs which have yet to prove themselves.

The fact is that there is unlikely to be many State poultry inspection programs. There are too few States which have a sufficient number of intrastate plants to make it worthwhile to establish an inspection program. We regard section 5(c) (5) to be aimed not so much at poultry inspection, but rather to provide a wedge for reopening the meat inspection law.

2. Because the mass of the poultry industry is concentrated in comparatively few areas of the Nation and because few States will probably go to the expense of establishing a program, we suggest that the bill contain a State waiver provision. This section would allow the Governor or the elected State secretary of agriculture to indicate to the Federal Government that the State will not provide inspection and ask the Federal program to inspect its intrastate plants.

As a result, consumers could be protected before the 2-year period runs out. There is no reason why preparation for inspection and the inspection, itself, should wait 2 years if the State does not intend to establish a poultry inspection program.

3. Even the waiver may not be adequate to speed poultry inspection in those States which will not establish programs. It is possible that a Governor or State secretary of agriculture may not plan to undertake the expense of a program because of the small number of poultry plants in the State, but they may find it politically impossible to ask

for a waiver. In that case, the intrastate plants would remain uninspected for 2 years after enactment of this legislation.

We, therefore, suggest that this committee write into the legislation a provision whereby the Governor or State secretary of agriculture can be taken off the hood and the consumers of the poultry produced by the intrastate plants in the area can be protected before the 2-year-grace period ends. Such a provision can be of great importance not only to consumers, but also to State governments.

4. We are mystified by some variations in H.R. 15146 from the Wholesome Meat Act. We urge that the deleted provision be put into the Poultry Products Inspection Act.

The poultry bill should have the same requirement as the Wholesome Meat Act for an annual review of State programs by the U.S. Secretary of Agriculture. And the results of this review should be contained in annual reports to Congress. H.R. 15146 requires the review, but, strangely enough, does not make it annual. And the bill makes no mention of the reports to Congress.

The Wholesome Meat Act specifically provides that it will be annual and that the result of the annual review will be brought to this committee and a similar committee of the other body.

Also, section 5(a) (1) deletes the word "mandatory" from the ante mortem and post mortem inspection, reinspection and sanitation requirements which are demanded of the States. The absence of the word when the Wholesome Meat Act specifically uses it, might convince a court in the future that Congress intended something less than mandatory in its requirements concerning the State poultry inspection laws.

In conclusion, we believe that new poultry inspection legislation is absolutely necessary. We congratulate the subcommittee on its speedy consideration of this legislation and we hope that a new law will on the statute books long before this session ends. Such legislation would be a wonderful and proper followup to the meat inspection law enacted by Congress last year.

We urge that the primary objective of the poultry inspection law must be to provide the maximum protection for consumers against filth, disease, and false labeling. This legislation should drive out of the marketplace any and all poultry which poses any possible danger to the health of consumers and poultry workers.

Our union promises to be of assistance in any way we can toward the achievement of that goal.

Thank you very much for the opportunity to present our views before the subcommittee.

Mr. PURCELL. Are there any questions of this witness?

Mr. Jones.

Mr. JONES of Missouri. I cannot quite follow you on one or two of your statements here. On page 9 of your statement if you would, in the second paragraph, where you are advocating I think—I think you recommended the repeal—you said that the new section 5(c) (5) should be deleted earlier, and then you make the charge here that you regard this section to be aimed not so much at the poultry inspection, but rather to provide a wedge for reopening the meat inspection law.

I take it that you were referring—and I think that your testimony will show that you were referring—to H.R. 15146, which is the bill

that was introduced by the chairman of this subcommittee and Mr. Neal Smith, and others, and an identical bill by Mr. Vigorito and an almost identical measure by Representative Leonor Sullivan. Those people were very friendly toward a very stringent red-meat inspection bill which I thought went too far, and yet you seem to be charging them with having some ulterior motive in putting this section in this bill. Will you explain why you say that you think that the repeal—by putting in this section—that it will provide a wedge for reopening the meat inspection law?

Do you mean, to be reopened to soften it down, or to make it stronger?

Mr. MAYER. I am glad that you brought up this point. I thank you very much for it, because I did not make myself clear and if I did not, I certainly want to do so. I make no charges against Mr. Purcell, the chairman, or any of the other Congressmen. I do not think it is a secret that H.R. 15154 came from the administration—from the Department of Agriculture.

This is the bill by the Department of Agriculture introduced by these various gentlemen, and the gentlewoman from Missouri. As a matter of fact, I think it was made clear in the introduction of the legislation that such was the case.

Now, the legislation—and all of these people, you are quite right, worked hard and long for a strong, effective meat inspection law, and they are all to be congratulated for it.

When the legislation came from the Department of Agriculture, it had this added provision, a provision that is not in the Meat Inspection Act. This provision, which would allow State inspection programs—most of which do not exist yet—it would allow these programs to ship into interstate commerce. In other words, the program that is aimed only for plants that process in the State and sell within that same State under provisions 5(c)(5) in this legislation, and a provision that is not in the Meat Inspection Act. They would be allowed to ship across State lines.

Now, it is our understanding, or it is our belief, that there will not be many State inspection programs because of the way the poultry industry is situated in the United States. It does not pay for a State to inspect three, or four, or five, or a dozen plants. Therefore, the section in the poultry inspection law is not of that great importance.

However, the National Association of State Departments of Agriculture has made it very clear in public statements that they very much want such a provision in the Meat Inspection Act.

I think most Members of Congress received the four-page resolution to that effect.

It was our belief that this was put into the legislation in the Department of Agriculture in order to provide a reopening of the Meat Inspection Act along lines that the resolution proposed.

It was not meant as anything about the gentlemen and the gentlewoman who introduced the legislation. I am glad that you gave me the opportunity to explain that.

Mr. JONES of Missouri. Let me get this straight: Who was participating in this nefarious attempt?

Mr. MAYER. I did not say that.

Mr. JONES of Missouri. To reopen—you indicated that.

Mr. MAYER, No, no, no.

Mr. JONES of Missouri. That it was to provide a wedge.

Mr. MAYER. That is right.

Mr. JONES of Missouri. For reopening the meat inspection law. Who is it? Do you say it was the Department of Agriculture?

Mr. MAYER. First of all, I made no charge of any nefariousness.

Mr. JONES of Missouri. It is right here.

Mr. MAYER. Wedge is not a bad term.

Mr. JONES of Missouri. You say to provide a wedge. I think that implies, to open it up—I repeat, to open it up. You leave the connotation in here that there is something secret here, that somebody is trying to do something. Then, you make another assumption here that these people—all honorable people, all qualified people—that they are just representatives of the Department of Agriculture—they do not know what this bill is that they introduce.

Mr. MAYER. No, sir; I did not say that, either.

Mr. JONES of Missouri. I think that is the impression you are giving.

Mr. MAYER. If I may refer you to the statements that were made at the start of the introduction, I think it was made no secret that this was an administration bill. Furthermore, I think it is the usual process of Congress to have hearings, and when the bill comes out of a subcommittee or a committee, that is the work of the subcommittee or the committee. I think this is the usual process of committee work.

I have been around now for 13 years or so, and that is the way it seems to be, to me. I do not draw any nefarious conclusions from this. I am sorry if the language leads you to believe that, but may I please say that I do not draw that as being nefarious. I oppose it, but it is not nefarious.

Mr. JONES of Missouri. Turn to page 10. You make a statement there. In subparagraph 4, you say, "We are mystified by some variations in H.R. 15146 from the Wholesome Meat Act." You are "mystified" at this section. Does not that lead us to believe that you believe that there is something secret here, somebody has gotten in here and tried to put something over on somebody?

Mr. MAYER. No, sir.

Mr. JONES of Missouri. You say you have been here for 13 years. And you are "mystified"?

Mr. MAYER. I am mystified all of the time, sir. [Laughter.]

No, quite to the contrary, we are surprised because we assumed, as I think most of the members of the subcommittee did, that the Department's Wholesome Meat Act, or the Department's poultry inspection bill, would be fairly close and fairly identical to the Wholesome Meat Act.

And the fact that these very significant words and these very significant changes occurred did provide a point of mystification or surprise.

Mr. JONES of Missouri. Do you have any idea or any opinion as to why this thing was done?

Mr. MAYER. I do not. But that does not change my surprise.

Mr. JONES of Missouri. Well, I would think that a lot of us who have been around here for 13 years, or anyone who has been here for 13 years, would have, at least, some knowledge about some of these things

that go on around here—some knowledge about it. And you are leaving the innuendo, it seems to me, without trying to substantiate your position. That is all, Mr. Chairman.

Mr. MAYER. May I again say that we certainly did not mean any innuendo.

Mr. PURCELL. Are there any other questions by members of this subcommittee?

Mr. Miller.

Mr. MILLER. Mr. Mayer, on page 4, at the top of the page, you state:

The Poultry Products Inspection Act covers some 87 percent of all poultry slaughtered, eviscerated, and processed in the United States.

And then you go on to say:

That means more than 1 billion pounds of poultry processed and sold to consumers each year are outside this protective framework.

We have had a lot of facts presented to us. I am wondering if you will clarify what is said about two-thirds of the way down on page 7, where you state:

It would not close an exemption loophole in the present law under which 1 percent of poultry or some 100 million pounds live weight annually escape inspection.

Mr. MAYER. Yes, sir.

The first point, 87 percent of the poultry slaughtered and eviscerated is federally inspected. It comes under the purview of the Poultry Products Inspection Act of 1957. That amounts to, I think, about 10 billion pounds live weight, or about 8 billion pounds deadweight. That is an approximate figure.

The 13 percent which is not federally inspected amounts to somewhere between 1 billion and 2 billion pounds, live weight or deadweight, either way.

Obviously, the live weight would be more than the dead weight.

Now, the other provision to which you refer is this exemption that has been talked about of the producers who sell directly to restaurants or to household consumers. I checked with the Department, how much that really amounts to. It amounts to 1 percent of the poultry or 100 million pounds live weight. It is a negligible amount as a percentage, but 100 million pounds is quite a factor. And that is what I am referring to.

H.R. 15154 would modify that amendment in H.R. 14741.

While I am on the subject, I would like to make a suggestion on that. I think the Wholesome Meat Act, in that the problems of the small producer—or not the producer, but the small slaughterer—was taken care of with language in both the legislative report and in the conference report, providing that facilities, doors, things like that, that with reference to those, the Secretary must use a rule of reason. And it went on to specifically say that these facilities, these changes, did not affect sanitation directly; then, no need of change—there was no need for change. If, on the other hand, these facility changes did, in effect, provide for a direct effect on sanitation, then changes would have to be made.

I think similar language on this could take care of the problem. In other words, that there could be inspection for wholesomeness, that there could be sanitation requirements which I judge this subcom-

mittee very much wants, and at the same time provide against needless or undesirable expense for changes.

I think, again, the pattern of the Wholesome Meat Act is very good on that.

Mr. MILLER. All very good. Are we not thinking of the same thing when we speak of what is on page 4 and on page 7, that this is an exception or a loophole in one case you say of 100 million pounds, and in another case you say 1 billion pounds?

Mr. MAYER. Yes. The 100 million pounds is a part of that 1 billion pounds. The 100 million pounds represents the 13 percent which are in intrastate plants, and the 100 million pounds represents the exemptions that were previously talked about.

The difference here is that both bills would take care of the intrastate plants in a differing way, but it would take care of them. But only the bill introduced by the chairman would take care of the problem of the 100 million pounds.

Mr. MILLER. Thank you. That is all.

Mr. PURCELL. Are there any other questions?

If not, we thank you very much, Mr. Mayer.

Mr. MAYER. Thank you, sir.

Mr. PURCELL. I have no direct request from Mr. Reuben Johnson to have the National Farmers Union statement—that they be allowed to file a statement—but I feel that since he is not here this morning and had requested to be heard that it would only be reasonable to presume that he would want to file a statement and, without objection, I will say that the representative of the National Farmers Union may file a statement if they so desire.

(The statement from the National Farmers Union, above referred to, follows:)

NATIONAL FARMERS UNION,
Washington, D.C., February 20, 1968.

HON. GRAHAM PURCELL,
Chairman, Livestock and Grains Subcommittee,
House Agriculture Committee,
Washington, D.C.

DEAR CONGRESSMAN PURCELL: I would appreciate it very much if you would make this memorandum concerning the Poultry Inspection Bill before your Livestock and Grain Subcommittee a part of the record of the hearings.

Farmers are interested in the adoption of workable and effective programs of poultry inspection. We believe that consumers should have the unqualified assurance that poultry and poultry products are wholesome and have been handled in the distributive and retail channels in a most careful and sanitary manner.

Farmers are truly concerned about what happens between the time that poultry or other products leave the farms and the time that the finished food product reaches the consumers' table. Farmers are anxious that the finished food product is healthful and wholesome. For this reason, we strongly support legislation to update the poultry inspection statutes and systems.

We believe that your bill, HR 15146, is a good bill. It modernizes the Federal poultry statutes. It provides measures to assure that dead, dying, or diseased birds—do not get into commercial channels intended for human consumption.

We haven't had a chance to look in detail at other bills before the Subcommittee but I would like to urge approval of any amendments that would result in strengthening the poultry inspection system.

We feel very keenly that the sooner we involve the Federal Government in an active role in standardizing the inspection standards and rules of the game, the better off the poultry industry is going to be, and that includes farmers.

Sincerely,

REUBEN L. JOHNSON,
Director of Legislative Services.

Mr. PURCELL. I would like also to have permission at this time, without objection, to insert the statement of Mr. Stanley I. Trenhaile, president of the National Association of State Departments of Agriculture, in the record.

I think we have been furnished a copy of it. It is a single statement in that regard. And, without objection, that statement will be allowed to go into the record at this point.

(The prepared statement of the National Association of State Departments of Agriculture, above referred to, follows:)

STATEMENT OF STANLEY I. TRENHAILE, PRESIDENT, NATIONAL ASSOCIATION
OF STATE DEPARTMENTS OF AGRICULTURE

Mr. Chairman and members of the subcommittee, the Board of Directors of the National Association of State Departments of Agriculture on February 6, 1968 unanimously approved the following statement: "We recognize the need to update present poultry inspection laws, both state and national, to keep pace with the nation's rapidly growing population and the ever increasing efficiency of poultry production and marketing. The nation's agribusiness complex has developed poultry production and marketing to where it is a marvel of the world, making it possible for the nation's consumers to enjoy an abundance of wholesome poultry. We shall be glad to cooperate with the U.S. Department of Agriculture and others in the development of federal-state poultry legislation and program that best meets the needs and interest of consumers, industry, and farmers, and continues to assure consumers the most complete protection possible in light of today's scientific knowledge." Copies were sent to President Lyndon B. Johnson, Secretary Orville Freeman, Senator Allen Ellender, Chairman, Senate Committee on Agriculture and Congressman W. R. Poage, Chairman, House Committee on Agriculture.

The National Association of the State Departments of Agriculture feels that the best interests of the consuming public and the poultry industry should be vested in a strong joint state-federal coordinated inspection system and pledges and seeks a united effort with the U.S. Department of Agriculture, the Congress, the poultry industry, and all consumers toward establishment of the most effective state and federal meat inspection program possible.

(The following statements and letters were also submitted to the subcommittee:)

H. FIRPO POULTRY,
PHOENIX, ARIZ., *February 12, 1968.*

REPRESENTATIVE MORRIS K. UDALL,
U.S. House of Representatives,
Washington, D.C.

DEAR REPRESENTATIVE UDALL: The proposed legislation for USDA inspection of processed poultry is highly commendable but serious consideration should be given for the survival of the small operator in the makeup of the inspection bill.

Our plant has been in existence for forty-eight years and not once during this period of time have we ever been cited by city, county or other health officials for any infraction of health standards associated with poultry processing plants.

We have always maintained exacting standards of cleanliness and our workers are carefully instructed in rejecting any chicken whose internal organs or external parts show any symptoms of disease. This rigid inspection is self-evident in that none of our chickens have ever been returned by our customers for an infraction of the disease inspection.

Our plant is a family operation and we are thoroughly versed in poultry diseases through our association with the Purina Ralston Company who supply our feed and medicinal supplies for our broiler ranch located in Phoenix.

We have no objections to the inspection program if we are not forced to install the assembly line chain system used by large companies. Our volume is small compared to large processors and it is not economically feasible to install such a system in our plant due to low volume and space of our plant.

I sincerely hope you will use your influence to safeguard the interest of the small operator and permit us to survive with a modified system of inspection.

Sincerely yours,

ADOLPH FIRPO.

GREENBELT CONSUMER SERVICES,
Beltville, Md., February 20, 1968.

HON. GRAHAM PURCELL,
*Chairman, Livestock and Grains Subcommittee,
Committee on Agriculture,
U.S. House of Representatives, Washington, D.C.*

DEAR REPRESENTATIVE PURCELL: Last July it was my privilege to testify before your Subcommittee on behalf of Greenbelt Consumer Services, Inc., in support of the meat inspection legislation. We are grateful to you, Representatives Foley and Neal Smith, and the many others who helped to secure final passage of the Wholesome Meat Act.

It is our understanding that your Subcommittee is now considering similar legislation to amend the Poultry Products Inspection Act. We would like to register our strong support of H.R. 15146 and H.R. 15149, virtually identical bills, that would extend to poultry inspection essentially the same provisions now applicable to meat inspection.

Our reasons for supporting this legislation are the same as those we cited in supporting the meat inspection bill. Consumers are entitled to the assurance that all poultry products are wholesome and safe to eat, regardless of where they originate.

As you well know, about 13 percent of the commercially produced poultry does not receive Federal inspection because it does not move in interstate commerce. In fact, most of this poultry receives no inspection, since very few states have active, mandatory inspection programs. This must be corrected as soon as possible.

We do not believe it is necessary or constructive, at this time, to initiate a public controversy over the abuses that can and do occur in the absence of effective inspection of all poultry products. The experience of last year with respect to meat inspection should be sufficient to impress all persons that equivalent poultry inspection legislation is both desired and needed, and should be enacted without delay.

We urge you and your Subcommittee to resist strongly any efforts to weaken H.R. 15146/15149. There can be no responsible justification for a double standard of wholesomeness between meat and poultry products.

We are hopeful that Congress will act favorably upon this legislation as rapidly as possible. Your continued support will be greatly appreciated by all consumers.

Sincerely yours,

(Mrs.) DOROTHY WHEELER,
Secretary, Board of Directors.

INDIANA STATE POULTRY ASSOCIATION, INC.,
PURDUE UNIVERSITY,
Lafayette Ind., February 20, 1968.

Representative GRAHAM PURCELL,
*Chairman, Subcommittee, Livestock and Grains,
House of Representatives, Washington, D.C.*

DEAR CONGRESSMAN PURCELL: The Indiana State Poultry Association, Inc., and its various departments, including broiler, turkey and processing will favor the Bill—HR 15146.

At the present time, the state of Indiana has passed a mandatory Meat Inspection Act, which covers poultry and poultry products. We feel that programs of this type have great merit in bringing the meat and poultry inspection in order, throughout the nation.

We are certain, that by working through our state official programs, the smaller plants can be more economically serviced and still leave the semblance of independence that we need in the country.

We have many turkey producers which do an excellent job in processing their own birds and supplying them to local markets. In most cases, these birds have been bringing a premium over the normal processed birds, which are processed in large plants. Extra care is taken in securing premium finish and also, special care is taken in processing, so that these birds reach the consumer in the very best of condition.

The state of Indiana passed this mandatory inspection act at their last state legislature and is now setting up the details for implementing this program.

The I.S.P.A. Board of Directors met in Kansas City during the Fact Finding Conference and again expressed the unity of working with a national program. The majority of the directors felt that they must consider the overall cost and that a program, as outlined in the above bill, would tend to meet these requirements.

If we can be of assistance, we will be glad to cooperate.

Respectfully submitted.

ROBERT L. HOGUE, *Executive Secretary.*

MASSACHUSETTS TURKEY GROWERS ASSOCIATION,
Methuen, Mass., February 23, 1968.

Hon. JOHN W. McCORMACK,
U. S. House of Representatives,
Washington, D.C.

Dear Mr. McCORMACK: At a recent conference of turkey producers from the northeastern states, pending legislation relating to the extension of regulations covering the processing of poultry was discussed.

The legislation has, as we understand it, primary goals of consumer protection through greater assurance of proper sanitation and general product wholesomeness. There can be no disagreement in principle with such goals. We are in accord with them, and if there are among our group any individuals with questionable performance in these respects, we want them corrected.

At the same time, however, we are very much concerned with potential details of legislation or regulations which could very likely eliminate a major portion of the turkey production in the northeast. Our farm operations differ in essential respects from the national turkey industry. Compared to the integrated giants in other areas we are very small operators. Individually our investments are high in real estate and production and processing facilities. Our production costs also tend to be higher. Feed, labor, taxes and other costs are higher in the northeast and because of our necessary small unit size we cannot utilize maximum cost control.

An impartial, indifferent advisor might suggest that if we cannot compete we should give way to our more efficient competitors from other areas. We submit, however, that such an attitude overlooks our situation. To a large extent we are not competing with turkeys from other areas. We are rather serving a market which would go unserved if we could not exist, and which in fact is not fully served now. Most of our livelihood is dependent upon a premium market for fresh-killed, unfrozen turkey and for a product with a relatively high amount of service provided by the producer-marketer.

Consumers do not pay good premium prices for our product because they feel sorry for us and want to support our inefficiencies, nor even because they understand our higher costs and are willing to support them. They do it because, while they could buy specials on turkey for substantially less, they want what we have to offer and know it is not available otherwise.

Mostly we are farmers who grow and market a few hundred to a few thousand turkeys each year. The family operation is typical. We are close to our customers. Many of them see our facilities personally when they come to make their purchases. In a sense we are well-inspected already. We are willing, however, to comply with further practical restraints which will allow us to continue.

Our fear is that regulations designed for the mass production poultry processor could eliminate us. If in order to remain in business we were required to meet specifications which were withheld not because of the quality of our facilities or of our product, but because of our size, we would be forced out of business. The cost of applying some specifications, on an individual bird basis, would be prohibitive. We believe that practical regulations can be arranged which, while not exempting us from proper supervision to assure consumer protection, need not at the same time eliminate an economic section of agriculture in the northeast.

We are a very small part of the national turkey industry but a major portion in the northeast. We hope that we will not be overlooked and solicit your consideration for reasonable concern for our welfare.

Very truly yours,

RAYMOND L. RISCHER, *President.*

STATEMENT OF THE NATIONAL CONSUMERS LEAGUE

The National Consumers League has since 1899 been in the forefront of the many campaigns to assure sanitary and wholesome food supplies for the American consumers. At the turn of the century our involvement was in the campaign to establish the Pure Food and Drug Administration, and since that time we have continued to campaign for consumer protection at both the State and Federal level. Ten years ago we worked for enactment of the original Poultry Inspection Program, and recently we testified in favor of a strengthened meat inspection program, which Congress enacted last year. Continuing in this tradition, the National Consumers League wishes to be recorded in support of Chairman Purcell's Bill, H.R. 15146, which follows the course of the Wholesome Meat Act, and would assure the American consumers of clean, wholesome, disease-free, honestly labeled poultry products.

Poultry is a healthy food and a fine source of protein. It has gained in popularity over the years because it is high in protein, low in calories, adaptable to many different recipes, and is usually economical when compared to other meats. In fact, it is a popular staple in the American diet. Therefore, the testimony before your committee by Dr. George L. Mehren, Assistant Secretary of Agriculture, which disclosed some shocking facts, causes great uneasiness and concern among American consumers. Dr. Mehren declared that a survey by his department in January of this year, which covered 16 States, showed that one out of five non-federally inspected chickens was unfit for human consumption. This survey revealed that of 316 non-federally inspected chickens only 18 percent "appeared satisfactory." He pointed out that 20 percent would have been considered unwholesome, and although the remaining 62 percent would have passed federal inspection, they had some shortcomings. His testimony which declared that "laboratory analyses . . . revealed a higher level of contamination in nonfederally inspected products" makes it plain to us that legislation strengthening the poultry inspection program is long overdue. More than one billion pounds of poultry processed and sold to consumers each year, or 13%, is still outside this inspection program. Much of this supply is not inspected at all.

President Johnson's Consumer Message to this Congress raised an interesting question. He said, "The housewife received protection for the poultry that comes from a neighboring state. Why should she not receive the same protection when the poultry is processed and sold in the state where she lives?" We urge the Congress to provide this protection promptly.

Today, in buying poultry products, whether in the store or in eating establishments, the consumer cannot be sure that her purchase will be a safe and wholesome product. In such a chaotic situation, where safe, wholesome poultry which has been properly inspected may be lying side by side with non-federally inspected products, the consumer is at a great disadvantage. One more chore which could be eliminated at very little cost is added to the burden of making a wise choice in the marketplace.

In the ten years since the original poultry inspection legislation was originally passed, the states, unfortunately, have not stepped in to fill this breach. Today, only four states have programs which the Department of Agriculture describes as adequate. Thirty-one states have no programs at all.

Until the inspection program covers all poultry, the consumer will not be able to be sure of the quality of the product he buys. Yet, the confidence of the consumer in the safety of her food is a vital factor in the success of the industry. The presence of unwholesome, adulterated, or mislabeled poultry or poultry products in competition with wholesome properly inspected products creates unfair competition for those in the industry who deserve the confidence of consumers.

Your committee is to be commended on the complete hearings and speedy consideration afforded this legislation. Producers have testified in favor of strong, uniform inspection. Farmers organizations have testified in favor of this bill. Labor has testified that a stringent poultry inspection program is necessary to protect the workers. And now, representing the consumers point of view, the National Consumers League strongly endorses H.R. 15146 and urges its speedy enactment.

AMERICAN VETERINARY MEDICAL ASSOCIATION,
Chicago, Ill., February 26, 1968.

HON. GRAHAM PURCELL,
*Chairman, Subcommittee on Livestock and Grains, Committee on Agriculture,
U.S. House of Representatives, Washington, D.C.*

DEAR CONGRESSMAN PURCELL: We are writing about H.R. 15146, "The Wholesome Poultry Products Act" and other bills proposing similar legislation now under consideration by your subcommittee. Unfortunately, we were unable to send a witness to participate in the hearings, but we hope that this letter expressing the views of our Association may be placed in the record.

As we understand the provisions of H.R. 15146, the proposed legislation, if passed, would place poultry meat in both interstate and intrastate commerce under the same inspection and other requirements as are now applicable to red meat under the recently passed Wholesome Meat Act, and would provide the same authorities with respect to assistance to the states in the inspection of products for intrastate commerce. It is important that the requirements and authorizations be the same in both cases, not only to give equal assurance as to the wholesomeness of the products, but also to provide equal freedom of movement of such products in commerce.

Meat—red meat and poultry meat—is in many ways the most important item of the American diet. It contains most of the nutrients important to health. It is the principal item of most meals. It is high on the palatability preference list of most people.

With all its superior qualities, meat as a food is subject to two critical problems—it is highly susceptible to spoilage during processing and handling, and the animals and birds from which it is derived are subject to a wide variety of disease processes which render the meat unwholesome for food and may be directly transmissible to man. These unwholesome conditions must be kept out of the food supply by a thorough veterinary inspection, as provided in the Wholesome Meat Act and in the proposed legislation.

Since the model H.R. 15146 is already contained in the recently enacted Wholesome Meat Act, and since it is important that the Wholesome Poultry Products Act contain similar provisions, we are not offering suggestions for changes in the bill. However, we do have some suggestions for consideration when the committee writes its report.

The Congress in its wisdom has insisted that in administering both acts that the Secretary of Agriculture shall consult with and cooperate with the Secretary of Health, Education, and Welfare, since the secretary of HEW has responsibility for the wholesomeness of other foods in commerce through the administration of the Federal Food, Drug and Cosmetic Act. In providing for such consultation and cooperation, it is essential that the Congress make it clear that final responsibility for decisions under both the Wholesome Meat Act and the Wholesome Poultry Products Act rests exclusively with the Secretary of Agriculture. This is necessary for orderly administration of the Acts. It is also necessary from the standpoint of uniform coordination of the enforcement of these Acts with the actions of state officials responsible for the inspection of products in intrastate commerce. A clear statement of such congressional intent in the committee's report would go far to avoid confusion in the administration of these vital functions.

The Wholesome Meat Act and H.R. 15146 contain broad authorities for the Secretary of Agriculture to cooperate with and to assist state officials in the inspection work within the states. These provisions should be most helpful in improving the inspection programs in many states. However, there is also authority for the Secretary to take over inspection activities when he finds that the inspection carried out by the state authority is not in conformity with federal requirements. There is much anxiety as to the implementation of this provision. It seems clear that it is the congressional intent that these provisions of the two Acts be administered primarily to assist the states to improve their services and only secondarily, as a last resort, to push the state authority aside with a federal takeover. If the states are to work wholeheartedly to build up intrastate inspection systems, they should be reassured that it is the intent of the Congress to support them in these efforts rather than to stultify their position

by a lurking intention to effect a federalization of the entire operation. Your committee could help to reassure the states, and at the same time assist the Department, by placing clearcut language to this effect in the committee report.

Mr. Chairman, as always, it is a privilege for the American Veterinary Medical Association to present its views to you. Please be assured of our continuing interest in a meat supply that is healthful, wholesome, and entirely above reproach in every way.

Sincerely,

M. R. CLARKSON, D.V.M.,
Executive Secretary.

AMERICAN FEDERATION OF LABOR AND
CONGRESS OF INDUSTRIAL ORGANIZATIONS,
Washington, D.C., February 27, 1968.

HON. GRAHAM PURCELL,
*Chairman, Subcommittee on Livestock and Grains,
U.S. House of Representatives, Washington, D.C.*

DEAR MR. CHAIRMAN: In behalf of the American Federation of Labor and Congress of Industrial Organizations, I congratulate you and the members of your Subcommittee for proceeding to the speedy consideration of needed amendments to the Poultry Products Inspection Act of 1957.

Immediately following the successful enactment of the Wholesome Meat Act of 1967, the AFL-CIO Convention expressed the hope, in its Policy Resolution on Consumer Protection, that the new meat inspection law would be the "harbinger of needed Federal legislation to provide effective inspection of poultry and fish and additional measures to protect the consuming public."

The problems on poultry inspection are parallel to those that were presented by the old meat inspection law. Although 87 percent of the over 12 billion pounds of poultry and poultry products are federally inspected, over 13 percent, or approximately 1.6 billion pounds, receives no federal inspection because it does not cross state lines.

State poultry inspection programs are either non-existent or inadequate. Only four states have mandatory inspection programs in effect and even these are defective as to coverage or enforcement, or both.

Over 400 million pounds of poultry processed in Federally inspected plants is rejected because it is diseased and contaminated. How much greater must be the proportion of diseased and contaminated products reaching the public from uninspected plants, where no check exists to prevent it.

We have noted a recent press report on testimony by Assistant Secretary of Agriculture Mehren saying that a check of retail poultry products showed that one in every five carcasses from plants not under Federal inspection was unsafe to eat. Only 18 percent of those checked were fully satisfactory.

We urge that the strongest possible poultry inspection bill be reported out and speedily enacted into law. The most desirable solution is mandatory federal inspection of all poultry slaughter and processing operations, together with comprehensive modernization of the federal act itself. At the very least, the revisions in the Poultry Products Inspection Act should be as comprehensive as those included in the recently enacted Wholesome Meat Act of 1967. The Administration bill, H.R. 15146, introduced by you and other members of the House closely parallels the new meat inspection law, but with several shortcomings which have been noted in testimony by the Amalgamated Meat Cutters and Butcher Workmen, AFL-CIO. We associate ourselves with these criticisms and urge that they be rectified in the pending poultry legislation.

We are pleased to submit this statement in favor of strong and effective federal poultry inspection legislation and we respectfully ask that this letter be included in the hearings record by your Subcommittee on poultry inspection legislation.

Sincerely yours,

ANDREW J. BIEMILLER,
Director, Department of Legislation.

SANTA CLARA, CALIF., *February 27, 1968.*

Congressman W. R. POAGE,
Chairman, House Committee on Agriculture,
Washington, D.C.:

The California Farmer Consumer Information Committee representing more than a half million members of affiliated farm farmer cooperatives, consumer cooperatives, rural electric cooperatives, and individuals in general heartily endorses your bill H.R. 15154, the wholesome poultry products act. We understand the record of the hearings are still open and would like to go on record favoring your amendment to the poultry products inspection act with the scientific knowledge we now have, it is imperative that the health of our Nation be safeguarded without further delay.

BORGHILD HAUGEN,
Consumer Consultant.

STATEMENT OF AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES

The American Federation of Government Employees is vitally interested in the need for improvement in the methods of poultry inspection. This problem in many ways parallels the problems that were present in the meat inspection industry prior to the farsighted passage by the First Session of the 90th Congress of the Meat Inspection Bill H.R. 12144, now Public Law 90-201, in November of last year. The federal inspection of poultry products, although greatly helped by the 1957 law, is much in need of being broadened to require inspection of poultry products produced and processed within the individual states. Many of our members are engaged in the inspection of the poultry and egg industry. We are, therefore, directly affected and concerned with poultry inspection legislation. These intrastate standards should be every bit as good as the federal standards now applied.

The consumers of this Nation should not have to face the chance of being served diseased or contaminated chicken at any time, and with adequate inspection standards this would not happen.

Our Union has always worked on behalf of consumer-protective regulations and we continue in these efforts because we believe that we have a responsibility as a Union to aid consumers. Federal inspectors can assure protective cleanliness and absence of disease far better than any other method yet devised.

Uninspected poultry is a danger to the health of consumers and poultry workers alike. We urge this Committee to take the necessary action to see that legislative measures are enacted that would afford adequate inspection measures of all poultry and would provide for the best possible protection for the great American consumers. The Poultry Products Inspection Act needs revision if it is to fully do the job for which it was intended.

The Poultry Products Inspection Act was a great step forward in consumer protection, but it was a legislative compromise. Now, ten years after it was enacted and nine years after it went into compulsory effect, Congress and the industry have had adequate experience with poultry inspection, so that the consumer and worker protection can be increased.

There are three types of poultry inspection bills before the Subcommittee. They are:

(a) H.R. 14741 by Representative Rogers C. B. Morton and an identical measure by Representative William V. Roth, Jr.

(b) H.R. 15146 by Representatives Graham Purcell, Neal Smith, Thomas S. Foley and John G. Dow, an identical bill by Representative Joseph P. Vigorito and an almost identical measure by Representative Leonor K. Sullivan, and

(c) H.R. 15154 by Representative W. R. Poage.

H.R. 14741 would extend federal inspection to all plants slaughtering, eviscerating or processing poultry for human food. We favor this provision since it would assure that within a half year all plants would be under the same law and the same regulations. It would provide more uniformity of inspection than is otherwise possible. This uniformity is highly desirable.

But H.R. 14741 would not extend the federal program's authority in any other way. It would not modernize the program.

H.R. 15146 follows the Wholesome Meat Act. Unlike H.R. 14741, it would modernize the poultry inspection program. It would provide inspection for intrastate plants by requiring states to enforce programs at least equal in consumer protection as the federal one within two—or in some cases, three—years after enactment. Otherwise, the federal government would take over the inspection of the intrastate plants in that state.

The best bill, in our opinion, would be a combination of the coverage provision of H.R. 14741 and the modernizing provisions of H.R. 15146. But if we must choose between the two measures which were introduced, we would pick H.R. 15146. It is a more complete bill.

However, we should like to urge at least one change in H.R. 15146.

We think that the new Section 5(c) (5) should be deleted. It would permit state inspected plants to ship into interstate commerce. The provision is rather ironic, for while the state authorities were so loud in complaining about alleged federal poaching on their preserve, they are delighted to do so on the federal one.

Any and all plants which ship into interstate commerce or to federally inspected plants can and should get federal inspection. If the line between federal and state programs, between interstate and intrastate plants, is to be erased, then we suggest that the intrastate plants be brought under federal inspection rather than interstate plants being brought under state programs which have yet to prove themselves.

The poultry bill should have the same requirement as the Wholesome Meat Act for an annual review of state programs by the U.S. Secretary of Agriculture. And the results of this review should be contained in annual reports to Congress. H.R. 15146 requires the review, but does not make it annual.

In conclusion, we believe that new poultry inspection legislation is absolutely necessary. We pay tribute to the Subcommittee for its farsighted and timely consideration of this legislation and we hope that a new law will be on the statute books long before this session ends. Such legislation would be a proper follow-up to the meat inspection law enacted by Congress last year.

STATEMENT OF ANTHONY MAZZOCCHI, CITIZENSHIP-LEGISLATIVE DIRECTOR, OIL,
CHEMICAL & ATOMIC WORKERS INTERNATIONAL UNION

My name is Anthony Mazzocchi. I am the Citizenship-Legislative Director of the Oil, Chemical and Atomic Workers International Union.

Our membership produces energy. We produce the natural gas and petroleum to heat your home and fuel your factories, exotic fuels for needed transportation and atomic and chemical products for America's continued technological growth. However, we have long realized that such growth depends on a strong and healthy America.

Thus the Subcommittee is to be congratulated for its speedy consideration of poultry inspection legislation to guard the American public against filth, disease and false labelling. The OCAW was only to glad to join the coalition of consumer organizations, labor unions and civic groups which helped pass the meat inspection law enacted by Congress last year. The passage of a strong poultry inspection law would be a wonderful and proper follow-up for the American Consumer.

There is no doubt that a problem exists. One only has to note the testimony of Dr. George L. Mehren, Assistant Secretary of Agriculture, before your Subcommittee on February 19, 1968. He then stated that a January spot check of retail markets in 16 states had showed that one out of five chickens not federally inspected was unfit for human consumption.

The current Poultry Products Inspection Act passed ten years ago was a great step forward in consumer protection but it was a legislative compromise. Congress and industry now have had enough experience with poultry inspection to remedy provisions of the Act and plan further consumer protection.

The current Act covers approximately 87 percent of all poultry slaughtered, eviscerated and processed in the United States. The remaining 13 percent or *one billion pounds of poultry* processed and sold to American consumers each year is under state or local control.

Only four states—California, North Carolina, Illinois and Wyoming—have an active mandatory program. But even these state programs are not adequate. All

have large categories of exemptions. California uses plant employees, including plant managers, as inspectors. And because of limitations on personnel, North Carolina, Illinois and California do not always meet the requirements of their laws that each carcass be inspected.

That uninspected poultry is a danger to the health to the American public is a medical fact of life. That diseases from poultry pose even greater dangers to man than those from other mammals has been reiterated by medical and veterinary authorities.

"Fowls are by far the main animal reservoir of organisms affecting man" according to noted poultry pathologist, Dr. P. J. Brandly. Writing in the *Journal of the American Veterinary Medical Association*, he also stated that as early as 1939 scientists had found that poultry constituted the greatest reservoir of paratyphoid infection among domestic animals in the United States!

". . . The carcasses of dressed birds often contain myriads of pathogenic organisms which are introduced into the kitchen with the carcasses; and knives, sinks, pans, hands, towels, etc., are contaminated by these disease germs," Dr. Brandly wrote. "In preparing chicken salad, cold chicken sandwiches, etc., these organisms may again be introduced into the edible product, and cases of food poisoning from turkey dinners are due to the introduction of these pathogenic organisms from the birds into the dressing. . . ."

It is to remove these dangers from the American public that we now turn to an analysis of the poultry inspection bills now pending before the Subcommittee. Of the three only H.R. 15146, introduced by Representatives Graham Purcell, Neal Smith, Thomas S. Foley and John G. Dow, an identical bill by Rep. Joseph P. Vigorito and an almost identical measure by Rep. Leonor K. Sullivan follows the Wholesome Meat Act. Unlike H.R. 14741, it would modernize the poultry inspection program. It would provide inspection for intrastate plants by requiring states to enforce programs at least equal in consumer protection as the federal one within two—or in some cases, three—years after enactment. Otherwise, the federal government would take over the inspection of the intrastate plants in the state.

The best possible bill would be a combination of the coverage provision of H.R. 14741 and the modernizing provisions of H.R. 15146. But if we must choose between the two bills, we would pick H.R. 15146. It is a more definitive bill.

However, we find it strange that H.R. 15146 contains some variations from the Wholesome Meat Act. The poultry bills should have the same requirement as the Wholesome Meat Act for an *annual* review of state programs by the U.S. Secretary of Agriculture—and the results of the review should be contained in annual reports to Congress. H.R. 15146 requires the review but does not make it annual. And the bill makes no mention of the reports to Congress.

Lastly, Section 5(a)(1) deletes the word "mandatory" from the ante mortem and post-mortem inspection, reinspection and sanitation requirements which are demanded of the states. The absence of the word when the Wholesome Meat Act specifically uses it might convince courts in the future that Congress intended something less than mandatory in its requirements concerning state poultry laws.

In conclusion, Mr. Chairman, the Oil, Chemical and Atomic Workers International Union considers it extremely important that strong effective poultry inspection legislation join the Wholesome Meat Act in protecting the American public from pestilence, disease and false labelling.

STATEMENT OF GEORGE W. KOCH, PRESIDENT, GROCERY MANUFACTURERS OF AMERICA, INC.

Grocery Manufacturers of America, Inc., is a National association of the manufacturers and processors of foods and other grocery products whose membership will, either directly or indirectly, be affected by this important regulatory measure.

Our association has traditionally supported enactment, both on the state and federal level, of sound and effective legislation regulating the manufacture and distribution of food.

We believe that the enactment of the Wholesome Poultry Products Act, by applying federal inspection standards to all concerns in the industry would be an important step forward in consumer protection and at the same time help assure

that no firm is penalized in the market place because it has complied with federal inspection standards.

The poultry industry on the whole has over the years done an effective job in assuring that poultry which reaches the supermarket is clean and fit for human consumption. The few and isolated instances to the contrary have given the entire industry a black eye. Enactment of the Wholesome Poultry Products Act will make sure that henceforth all poultry products are subject to the same standards of inspection.

We, therefore, support the current effort to modernize and broaden existing legislation on poultry inspection.

However, we believe that HR 15146, in its present form, can be clarified and improved by the adoption of the following.

1. Recordkeeping

Our primary concern is with Sec. 11 of the bill which would require specified classes of persons to "keep such records as will fully and correctly disclose all transactions involved in their businesses."

The classes of persons subject to this requirement include "any person that engages in the business of slaughtering any poultry or processing, freezing, packaging or labeling any carcass or parts or products of carcasses, of any poultry, which is used as human food or animal food."

In addition, Sec. 11(b) would require members of the industry, upon notice, to afford representatives of the Secretary of Agriculture access to "such records."

Read literally, this language might require keeping and permit inspection by representatives of the Department of Agriculture of every document related to "all transactions involved in their businesses," by anyone engaged in the manufacture, processing or distribution of poultry or poultry products, perhaps even extending to records in other parts of their business beyond the handling of poultry and poultry products. Thus, corporate data, personnel records, financial records and research data are only a few examples of the type of materials which the bill, as now drafted, could require to be kept.

Section 2 of HR 15146 recites that the health and welfare of consumers should be protected "by assuring that poultry products distributed to them are wholesome, not adulterated, and properly marked, labeled and packaged."

We fully share and support this laudable legislative objection. However, in view of the sweeping and perhaps unintentionally broad reach of the record keeping and inspection provision, Sec. 11, we strongly urge that the language of Sec. 11(b) quoted above is unnecessary to accomplish the stated statutory purpose and could inflict needless burdens on many members of our industry.

In addition, we have been advised that the present broad language of this provision of the bill may raise substantial constitutional questions in light of recent Supreme Court decisions.

Such a broad requirement of recordkeeping and inspection is highly unusual. Indeed, similar fears as to comparable broad language in the recently enacted Meat Inspection Act caused the conferees to specifically provide in the conference report that the intent of the record keeping and inspection provision was limited to "those records which are properly necessary for effective enforcement of the provisions of the Act in order to insure against adulterated or misbranded meat products for the American consumer upon such reasonable terms and conditions as are spelled out by regulations of the Secretary of Agriculture." H. Rep. No. 998, p. 20, 90th Cong., 1st Sess. 1967.

We recommend, therefore, that the subcommittee give serious consideration to an amendment of Sec. 11(b) of HR 15146 which would clarify the section, along the lines suggested by the conferees with respect to meat inspection, by insuring that only such records must be kept as are necessary to the proper enforcement of the provisions of the act and clarifying the circumstances under which such records must be made available to representatives of the Department of Agriculture in accordance with existing law.

We believe that this goal could best be accomplished by regulations issued by the Secretary of Agriculture designating those records which must be kept and made available for inspection.

By making such an amendment to the bill, Congress will be making its intention so clear that controversies over interpretation can be minimized. If the Secretary is limited by statute as to the records he can require to be kept, industry is less likely to have cause for concern and be more willing to cooperate.

2. Procedural due process

The bill would provide substantial additional authority to the Secretary to develop substantive regulations involving standards of identity, food additives, dietary regulations and a number of other areas. Such regulations would have the full force and effect of law. However, the Poultry Products Inspection Act does not now, nor would it after enactment of H.R. 15146, provide for hearings and a record, require that regulations thereunder be based upon substantial evidence, nor provide a number of other procedural safeguards which have come to be considered both fair and beneficial in the development of such substantive administrative regulations.

The Food, Drug and Cosmetic Act, on the other hand, contains a carefully considered procedural framework in § 701 (e), (f) and (g) which provides for public notice of rule making, comments by interested parties, revision of the regulations after consideration of the comments, a formal hearing on objections to the revised regulation, and judicial review of the regulations as finally promulgated. This rule making procedure not only affords interested parties the opportunity to fully participate in the development of regulations, but it operates to minimize controversy and the necessity for lengthy adjudicative hearings, by virtue of the initial informal comment procedure.

There is ample precedent for utilization of this procedure by agencies other than the Food and Drug Administration. Thus, the Fair Packaging and Labeling Act directed the FTC to use the FDA's § 701 (e), (f) and (g) rule making procedures in the adoption of its labeling regulations.

We recommend, therefore, an amendment to the Wholesome Poultry Products Act which would provide that regulations on record keeping and inspection, as well as any other regulations which would have the force and effect of law, be promulgated pursuant to the provisions of Sec. 701(c), (f) and (g) of the Federal Food, Drug and Cosmetic Act.

3. State inspection

Another provision of the Wholesome Poultry Products Act which causes considerable concern is the provision of Sec. 5(c)(5) of the bill which would permit shipment of poultry in interstate commerce without federal inspection if it has been inspected under a state system which has been rated at least equal to the federal system. Traditionally, poultry products moving in interstate commerce have been required to be inspected by federal inspectors. This federal inspection system, developed over many years, has proved to be an outstanding success in guaranteeing safe and wholesome products. No substantial evidence has been presented as to why this system, in which the public has confidence, should be changed. Furthermore, the Sec. 5(c)(5) proposal presents certain dangers, in that decertification of a state inspection system, once certified, is likely to prove such a difficult and time consuming process that much poorly inspected poultry could be shipped in interstate commerce before the situation is corrected. Finally, it would be very difficult to ensure that the federal criteria are being implemented on a uniform basis in each state, thus raising the likelihood of discrimination both in the cost and effectiveness of poultry inspection in different states.

We therefore recommend that this provision be deleted from the bill.

4. Packaging and labeling

Finally, we are disturbed by the authority given the Secretary in § 8 to prescribe the style and type size of required labeling and to regulate the size and shape of package.

The Secretary now has effective authority over poultry labeling, but HR 15146 would substantially increase this authority and go far beyond the requirements of the recently enacted Fair Packaging and Labeling Act, which, for example, limits the authority for issuance of type size regulations only to declarations of net contents.

No evidence has been produced which shows the need for the drastic authority that would be provided under this bill, and we believe that no such provision should be enacted until a need therefor has been demonstrated and until there has been an opportunity for the effects of the Fair Packaging and Labeling Act to be adequately evaluated.

Similarly, the provision for prior approval of packages is inconsistent with the Fair Packaging and Labeling Act which, as enacted, rejected initial proposals authorizing regulatory control over the sizes and shapes of packages.

There has been no evidence presented why poultry packaging should be subject to greater controls than the packaging of other foods. Legislative and administrative restrictions on packaging could act to severely inhibit the development of new and improved packaging techniques.

Furthermore, the public interest is adequately safeguarded by the authority given to the Secretary to regulate false and misleading marking or labeling of packages.

We recommend, therefore, that the statute be amended to delete the unduly broad authority over packaging and labeling which it presently contains.

We believe that the bill, amended in accordance with the foregoing recommendations, would result in an improved and strengthened poultry inspection statute consistent with other legislation, and at the same time provide both industry and the consumer with needed safeguards.

MR. PURCELL. To my knowledge, all of the witnesses who have requested to be heard by this time have now been heard, with the exception of those who have been given permission to put statements in the record.

After we adjourn the public hearing, I would like to have the members remain to go into executive session, to make whatever plans we might in regard to further hearings or further consideration of this subject matter.

Now the subcommittee will go into executive session for further discussion of these bills.

(Whereupon, at 11:30 a.m., the public hearing was adjourned and the subcommittee proceeded into executive session.)

APPENDIX

[H.R. 14594, 90th Cong., second sess.]

A BILL To provide for Federal and State cooperation in the inspection of poultry and fish products

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act shall be cited as the "Wholesome Poultry and Fish Act".

SEC. 2. (a) It is the policy of the Congress to protect the consuming public from poultry and poultry products and fish and fish products that are adulterated or misbranded and to assist in efforts by State and other Government agencies to accomplish this objective. In furtherance of this policy—

(1) The Secretary of Agriculture, having jurisdiction over poultry, and the Secretary of the Interior, having jurisdiction over fish, severally are authorized, whenever they determine that it would effectuate the purposes of this Act, to cooperate with the appropriate State agency in developing and administering a State poultry and fish inspection program in any State which has enacted a State poultry and fish inspection law that imposes mandatory ante mortem and post mortem inspection, reinspection, and sanitation requirements that are at least equal to those of the Federal Government, with respect to all or certain classes of persons engaged in the State in preparation of poultry and fish and the products therefrom.

(2) The Secretaries severally are further authorized, whenever they determine that it would effectuate the purpose of this Act, to cooperate with appropriate State agencies in developing and administering State programs under State laws containing authorities at least equal to those given the Federal Government.

(3) Cooperation with State agencies under this section may include furnishing to the appropriate State agency (i) advisory assistance in planning and otherwise developing an adequate State program under the State law; and (ii) technical and laboratory assistance and training (including necessary curricular and instructional materials and equipment), and financial and other aid for administration of such a program. The amount to be contributed to any State by the Secretaries under this section from Federal funds for any year shall not exceed 50 per centum of the estimated total cost of the cooperative program; and the Federal funds shall be allocated among the States desiring to cooperate on an equitable basis. Such cooperation and payment shall be contingent at all times under the administration of the State program in a manner which the Secretaries, in consultation with the appropriate advisory committee appointed under paragraph (4), deem adequate to effectuate the purposes of this section.

(4) The Secretaries may severally appoint advisory committees consisting of such representatives of appropriate State agencies as the Secretaries and the State agencies may designate to consult with them concerning State and Federal programs with respect to poultry and fish inspection and other matters within the scope of this Act, including evaluating State programs for purposes of this Act and obtaining better coordination and more uniformity among the State programs and between the Federal and State programs and adequate protection of consumers.

(5) Federal regulation and enforcement in the fields of poultry and fish shall be enforced by the Federal government if they are not enforced by local government.

(b) The appropriate State agency with which the Secretaries may cooperate under this Act may be a single agency in the State or the Secretaries may cooperate with separate agencies within the State having separate jurisdiction over poultry and fish which are primarily responsible for the coordination of the State

programs for fish and poultry. When the State program includes performance of certain functions by a municipality or other subordinate governmental unit, such unit shall be deemed to be a part of the State agency for purposes of this section.

(c) As used in this section, the term "State" means any State (including the Commonwealth of Puerto Rico) or organized territory.

(d) As used in this section, the term "Secretaries" means the Secretary of Agriculture and the Secretary of the Interior.

[H.R. 14741, 90th Cong., second sess.]

A BILL To amend the Poultry Products Inspection Act so as to provide for the Federal inspection of all poultry and poultry products intended for human consumption

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the Poultry Products Inspection Act Amendments of 1968.

SEC. 2. The Poultry Products Inspection Act (71 Stat. 441; 21 U.S.C. 451-469) is amended as follows:

(1) Section 2 is amended by striking out the last sentence of the first paragraph and all of the second paragraph and inserting in lieu thereof the following: "That part which does not enter directly into the current of interstate or foreign commerce directly burdens, obstructs, or affects that part which does enter directly into the current of interstate or foreign commerce. Poultry and poultry products which do enter into the channels of interstate or foreign commerce cannot be effectively inspected and regulated without also inspecting and regulating poultry and poultry products which do not. In order to protect interstate commerce in poultry and poultry products inspected for wholesomeness, from being adversely burdened, obstructed, or affected by uninspected poultry and poultry products processed and distributed wholly within any State, it is necessary to inspect under this Act all poultry and poultry products intended for human consumption."

(2) Section 3 is amended to read as follows:

"SEC. 3. It is hereby declared to be the policy of Congress to provide for the inspection of poultry and poultry products by the inspection service as herein provided in order to prevent poultry or poultry products which are unwholesome, adulterated, or otherwise unfit for human food from moving in or adversely burdening, obstructing, or affecting interstate or foreign commerce."

(3) Section 5 is hereby repealed.

(4) Section 6(a) is amended to read as follows:

"(a) In order to prevent any poultry or poultry product which is unwholesome or adulterated from entering into or from adversely burdening, obstructing, or affecting commerce, the Secretary shall, where and to the extent considered by him necessary, cause to be made by inspectors ante mortem inspection of poultry in any official establishment which processes poultry or poultry products for human consumption."

(5) Section 6(b) is amended by striking out "processing such poultry or poultry products for commerce or in, or for marketing in a designated city or area" and inserting in lieu thereof "which processes such poultry or poultry products for human consumption".

(6) Section 7(a) is amended to read as follows:

"(a) In order to prevent unwholesome or adulterated poultry products from entering into, moving in, or adversely burdening, obstructing, or affecting commerce, each official establishment slaughtering poultry or processing poultry products for human consumption shall have such premises, facilities, and equipment, and be operated in accordance with such sanitary practices, as are required by regulations promulgated by the Secretary."

(7) Section 9(a) is amended by striking out "in commerce or in a designated major consuming area of any poultry product," and inserting in lieu thereof "of any poultry product intended for human consumption,".

(8) Section 9(d) is amended to read as follows:

"(d) Using a false or misleading label on any poultry product."

(9) Section 9(f) is amended by striking out "for commerce, or in or for marketing in a designated major consuming area" and inserting in lieu thereof "for human consumption."

(10) Section 9(i) is amended by striking out "in commerce or from an official establishment or in a designated major consuming area,".

(11) Section 10 is amended to read as follows:

"SEC. 10. No establishment processing poultry or poultry products for human consumption shall process any poultry or poultry product except in compliance with the requirements of this Act."

(12) Section 11 is amended by striking out in the first sentence "in commerce or in a designated major consuming area," and inserting in lieu thereof "intended for human consumption,".

(13) The heading of section 11 is amended to read as follows: "RECORDS OF SHIPMENT".

(14) Section 16 is amended by striking out "in commerce or in a designated major consuming area".

SEC. 3. The amendments made by this Act shall become effective one hundred and eighty days after the date of enactment of this Act.

[H.R. 15146, 90th Cong., second sess.]

A BILL To clarify and otherwise amend the Poultry Products Inspection Act, to provide for cooperation with appropriate State agencies with respect to State poultry products inspection programs, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Wholesome Poultry Products Act".

SEC. 2. Section 2 of the Poultry Products Inspection Act (71 Stat. 441, as amended; 21 U.S.C. 451) is hereby amended to read:

"SEC. 2. Poultry and poultry products are an important source of the Nation's total supply of food. They are consumed throughout the Nation and the major portion thereof moves in interstate or foreign commerce. It is essential in the public interest that the health and welfare of consumers be protected by assuring that poultry products distributed to them are wholesome, not adulterated, and properly marked, labeled, and packaged. Unwholesome, adulterated, or misbranded poultry products impair the effective regulation of poultry products in interstate or foreign commerce, are injurious to the public welfare, destroy markets for wholesome, not adulterated, and properly labeled and packaged poultry products, and result in sundry losses to poultry producers and processors of poultry and poultry products, as well as injury to consumers. The unwholesome, adulterated, mislabeled, or deceptively packaged articles can be sold at lower prices and compete unfairly with the wholesome, not adulterated, and properly labeled and packaged articles, to the detriment of consumers and the public generally. It is hereby found that all articles and poultry which are regulated under this Act are either in interstate or foreign commerce or substantially affect such commerce, and that regulation by the Secretary of Agriculture and cooperation by the States and other jurisdictions as contemplated by this Act are appropriate to prevent and eliminate burdens upon such commerce, to effectively regulate such commerce, and to protect the health and welfare of consumers."

SEC. 3. Section 3 of said Act (21 U.S.C. 452) is hereby amended to read:

"SEC. 3. It is hereby declared to be the policy of the Congress to provide for the inspection of poultry and poultry products and otherwise regulate the processing and distribution of such articles as hereinafter prescribed to prevent the movement or sale in interstate or foreign commerce of, or the burdening of such commerce by poultry products which are adulterated or misbranded."

SEC. 4. Section 4 of said Act (21 U.S.C. 453) is hereby amended to read: "For purposes of this Act—

"(a) The term 'commerce' means commerce between any State, any territory, or the District of Columbia, and any place outside thereof; or within any territory not organized with a legislative body, or the District of Columbia.

"(b) Except as otherwise provided in this Act, the term 'State' means any State of the United States and the Commonwealth of Puerto Rico.

"(c) The term 'territory' means Guam, the Virgin Islands of the United States, American Samoa, and any other territory or possession of the United States, excluding the Canal Zone.

"(d) The term 'United States' means the States, the District of Columbia, and the territories of the United States."

"(e) The term 'poultry' means any domesticated bird, whether live or dead."

"(f) The term 'poultry product' means any poultry carcass, or part thereof; or any product which is made wholly or in part from any poultry carcass or part thereof, excepting products which contain poultry ingredients only in a relatively small proportion or historically have not been considered by consumers as products of the poultry food industry, and which are exempted by the Secretary from definition as a poultry product under such conditions as the Secretary may prescribe to assure that the poultry ingredients in such products are not adulterated and that such products are not represented as poultry products."

"(g) The term 'adulterated' shall apply to any poultry product under one or more of the following circumstances:

"(1) if it bears or contains any poisonous or deleterious substance which may render it injurious to health; but in case the substance is not an added substance, such article shall not be considered adulterated under this clause if the quantity of such substance in or on such article does not ordinarily render it injurious to health;

"(2) (A) if it bears or contains (by reason of administration of any substance to the live poultry or otherwise any added poisonous or added deleterious substance (other than one which is (i) a pesticide chemical in or on a raw agricultural commodity; (ii) a food additive; or (iii) a color additive) which may, in the judgment of the Secretary, make such article unfit for human food;

"(B) if it is, in whole or in part, a raw agricultural commodity and such commodity bears or contains a pesticide chemical which is unsafe within the meaning of section 408 of the Federal Food, Drug, and Cosmetic Act;

"(C) if it bears or contains any food additive which is unsafe within the meaning of section 409 of the Federal Food, Drug, and Cosmetic Act;

"(D) if it bears or contains any color additive which is unsafe within the meaning of section 706 of the Federal Food, Drug, and Cosmetic Act: *Provided*, That an article which is not otherwise deemed adulterated under clause (B), (C), or (D) shall nevertheless be deemed adulterated if use of the pesticide chemical, food additive, or color additive in or on such article is prohibited by regulations of the Secretary in official establishments;

"(3) if it consists in whole or in part of any filthy, putrid, or decomposed substance or is for any other reason unsound, unhealthful, unwholesome, or otherwise unfit for human food;

"(4) if it has been prepared, packed, or held under insanitary conditions whereby it may have become contaminated with filth, or whereby it may have been rendered injurious to health;

"(5) if it is, in whole or in part, the product of any poultry which has died otherwise than by slaughter;

"(6) if its container is composed, in whole or in part, of any poisonous or deleterious substance which may render the contents injurious to health;

"(7) if it has been intentionally subjected to radiation, unless the use of the radiation was in conformity with a regulation or exemption in effect pursuant to section 409 of the Federal Food, Drug, and Cosmetic Act; or

"(8) if any valuable constituent has been whole or in part omitted or abstracted therefrom; or if any substance has been substituted, wholly or in part therefor; or if damage or inferiority has been concealed in any manner; or if any substance has been added thereto or mixed or packed therewith so as to increase its bulk or weight, or reduce its quality or strength, or make it appear better or of greater value than it is."

"(h) The term 'misbranded' shall apply to any poultry product under one or more of the following circumstances:

"(1) if its labeling is false or misleading in any particular;

"(2) if it is offered for sale under the name of another food;

"(3) if it is an imitation of another food, unless its label bears, in type of uniform size and prominence, the word 'imitation' and immediately thereafter, the name of the food imitated;

"(4) if its container is so made, formed, or filled as to be misleading;

"(5) unless it bears a label showing (A) the name and the place of business of the manufacturer, packer, or distributor; and (B) an accurate statement of the quantity of the product in terms of weight, measure, or numerical

count: *Provided*, That under clause (B) of this subparagraph (5), reasonable variations may be permitted, and exemptions as to small packages or articles not in packages or other containers may be established by regulations prescribed by the Secretary;

“(6) if any word, statement, or other information required by or under authority of this Act to appear on the label or other labeling is not prominently placed thereon with such conspicuousness (as compared with other words, statements, designs, or devices, in the labeling) and in such terms as to render it likely to be read and understood by the ordinary individual under customary conditions of purchase and use;

“(7) if it purports to be or is represented as a food for which a definition and standard of identity or composition has been prescribed by regulations of the Secretary under section 8 of this Act unless (A) it conforms to such definition and standard, and (B) its label bears the name of the food specified in the definition and standard and, insofar as may be required by such regulations, the common names of optional ingredients (other than spices, flavoring, and coloring) present in such food;

“(8) if it purports to be or is represented as a food for which a standard or standards of fill of container have been prescribed by regulations of the Secretary under section 8 of this Act, and it falls below the standard of fill of container applicable thereto, unless its label bears, in such manner and form as such regulations specify, a statement that it falls below such standard;

“(9) if it is not subject to the provisions of subparagraph (7), unless its label bears (A) the common or usual name of the food, if any there be, and (B) in case it is fabricated from two or more ingredients, the common or usual name of each such ingredient; except that spices, flavorings, and colorings may, when authorized by the Secretary, be designated as spices, flavorings, and colorings without naming each: *Provided*, That to the extent that compliance with the requirements of clause (B) of this subparagraph (9) is impracticable or results in deception or unfair competition, exemptions shall be established by regulations promulgated by the Secretary;

“(10) if it purports to be or is represented for special dietary uses unless its label bears such information concerning its vitamin, mineral, and other dietary properties as the Secretary, after consultation with the Secretary of Health, Education, and Welfare, determines to be, and by regulations prescribes as, necessary in order fully to inform purchasers as to its value for such uses;

“(11) if it bears or contains any artificial flavoring, artificial coloring, or chemical preservative, unless it bears labeling stating that fact: *Provided*, That, to the extent that compliance with the requirements of this subparagraph (11) is impracticable, exemptions shall be established by regulations promulgated by the Secretary;

“(12) if it fails to bear, directly thereon and on its containers, as the Secretary may by regulations prescribe, the official inspection legend and official establishment number of the establishment where the article was processed, and, unrestricted by any of the foregoing, such other information as the Secretary may require in such regulations to assure that it will not have false or misleading labeling and that the public will be informed of the manner of handling required to maintain the article in a wholesome condition.

“(i) The term ‘Secretary’ means the Secretary of Agriculture or his delegate.

“(j) The term ‘person’ means any individual, partnership, corporation, association, or other business unit.

“(k) The term ‘inspector’ means: (1) an employee or official of the United States Government authorized by the Secretary to inspect poultry and poultry products under the authority of this Act, or (2) any employee or official of the government of any State or territory or the District of Columbia authorized by the Secretary to inspect poultry and poultry products under authority of this Act, under an agreement entered into between the Secretary and the appropriate State or other agency.

“(l) The term ‘official mark’ means the official inspection legend or any other symbol prescribed by regulations of the Secretary to identify the status of any article or poultry under this Act.

"(m) The term 'official inspection legend' means any symbol prescribed by regulations of the Secretary showing that an article was inspected and passed in accordance with this Act, including any combined State-Federal official inspection legend prescribed by the Secretary under subparagraph 5(c)(5) of this Act.

"(n) The term 'official certificate' means any certificate prescribed by regulations of the Secretary for issuance by an inspector or other person performing official functions under this Act.

"(o) The term 'official device' means any device prescribed or authorized by the Secretary for use in applying any official mark.

"(p) The term 'official establishment' means any establishment as determined by the Secretary at which inspection of the slaughter of poultry, or the processing of poultry products, is maintained under the authority of this Act.

"(q) The term 'inspection service' means the official Government service within the Department of Agriculture designated by the Secretary as having the responsibility for carrying out the provisions of this Act.

"(r) The term 'container' or 'package' includes any box, can, tin, cloth, plastic, or other receptacle, wrapper, or cover.

"(s) The term 'label' means a display of written, printed, or graphic matter upon any article or the immediate container (not including package liners) of any article; and the term 'labeling' means all labels and other written, printed, or graphic matter (1) upon any article or any of its containers or wrappers, or (2) accompanying such article.

"(t) The term 'shipping container' means any container used or intended for use in packaging the product packed in an immediate container.

"(u) The term 'immediate container' includes any consumer package; or any other container in which poultry products, not consumer packaged, are packed.

"(v) The term 'capable of use as human food' shall apply to any carcass, or part or product of a carcass, of any poultry, unless it is denatured or otherwise identified as required by regulations prescribed by the Secretary to deter its use as human food, or it is naturally inedible by humans.

"(w) The term 'processed' means slaughtered, canned, salted, stuffed, rendered, boned, cut up, or otherwise manufactured or processed.

"(x) The term 'Federal Food, Drug, and Cosmetic Act' means the Act so entitled, approved June 25, 1938 (52 Stat. 1040), and Acts amendatory thereof or supplementary thereto.

"(y) The terms 'pesticide chemical', 'food additive', 'color additive', and 'raw agricultural commodity' shall have the same meanings for purposes of this Act as under the Federal Food, Drug, and Cosmetic Act.

"(z) The term 'poultry products broker' means any person engaged in the business of buying or selling poultry products on commission, or otherwise negotiating purchases or sales of such articles other than for his own account or as an employee of another person.

"(aa) The term 'renderer' means any person engaged in the business of rendering carcasses, or parts or products of the carcasses, of poultry, except rendering conducted under inspection or exemption under this Act.

"(bb) The term 'animal food manufacturer' means any person engaged in the business of manufacturing or processing animal food derived wholly or in part from carcasses, or parts or products of the carcasses, of poultry."

SEC. 5. Section 5 of said Act (21 U.S.C. 454) is hereby amended to read:

"SEC. 5. (a) It is the policy of the Congress to protect the consuming public from poultry products that are adulterated or misbranded and to assist in efforts by State and other Government agencies to accomplish this objective. In furtherance of this policy—

"(1) The Secretary is authorized, whenever he determines that it would effectuate the purposes of this Act, to cooperate with the appropriate State agency in developing and administering a State poultry product inspection program in any State which has enacted a State poultry product inspection law that imposes ante-mortem and post-mortem inspection, reinspection and sanitation requirements that are at least equal to those under this Act, with respect to all or certain classes of persons engaged in the State in slaughtering poultry or processing poultry products for use as human food solely for distribution within such State.

"(2) The Secretary is further authorized, whenever he determines that it would effectuate the purposes of this Act, to cooperate with appropriate State agencies in developing and administering State programs under State

laws containing authorities at least equal to those provided in section 11 of this Act; and to cooperate with other agencies of the United States in carrying out any provisions of this Act. In carrying out the provisions of this Act, the Secretary may conduct such examinations, investigations, and inspections as he determines practicable through any officer or employee of any State or Territory or the District of Columbia commissioned by the Secretary for such purpose.

"(3) Cooperation with State agencies under this section may include furnishing to the appropriate State agency (i) advisory assistance in planning and otherwise developing an adequate State program under the State law; and (ii) technical and laboratory assistance and training (including necessary curricular and instructional materials and equipment), and financial and other aid for administration of such a program. The amount to be contributed to any State by the Secretary under this section from Federal funds for any year shall not exceed 50 per centum of the estimated total cost of the cooperative program; and the Federal funds shall be allocated among the States desiring to cooperate on an equitable basis. Such cooperation and payment shall be contingent at all times upon the administration of the State program in a manner which the Secretary, in consultation with the appropriate advisory committee appointed under subparagraph (4), deems adequate to effectuate the purposes of this section.

"(4) The Secretary may appoint advisory committees consisting of such representatives of appropriate State agencies as the Secretary and the State agencies may designate to consult with him concerning State and Federal programs with respect to poultry product inspection and other matters within the scope of this Act, including evaluating State programs for purposes of this Act and obtaining better coordination and more uniformity among the State programs and between the Federal and State programs and adequate protection of consumers.

"(b) The appropriate State agency with which the Secretary may cooperate under this Act shall be a single agency in the State which is primarily responsible for the coordination of the State programs having objectives similar to those under this Act. When the State program includes performance of certain functions by a municipality or other subordinate governmental unit, such unit shall be deemed to be a part of the State agency for purposes of this section.

"(c) (1) If the Secretary has reason to believe, by thirty days prior to the expiration of two years after enactment of the Wholesome Poultry Products Act, that a State has failed to develop or is not enforcing, with respect to all establishments within its jurisdiction (except those that would be exempted from Federal inspection under subparagraph (2) of this paragraph (c)) at which poultry are slaughtered, or poultry products are processed for use as human food, solely for distribution within such State, and the products of such establishments, requirements at least equal to those imposed under sections 1-4, 6-10, and 12-22 of this Act, he shall promptly notify the Governor of the State of this fact. If the Secretary determines, after consultation with the Governor of the State, or representative selected by him, that such requirements have not been developed and activated, he shall promptly after the expiration of such two-year period designate such State as one in which the provisions of said sections of this Act shall apply to operations and transactions wholly within such State: *Provided*, That if the Secretary has reason to believe that the State will activate such requirements within one additional year, he may delay such designation for said period, and not designate the State, if he determines at the end of the year that the State then has such requirements in effective operation. The Secretary shall publish any such designation in the Federal Register and, upon the expiration of thirty days after such publication, the provisions of said sections of this Act shall apply to operations and transactions and to persons engaged therein in the State to the same extent and in the same manner as if such operations and transactions were conducted in or for commerce. However, notwithstanding any other provision of this section, if the Secretary determines that any establishment within a State is producing adulterated poultry products for distribution within such State which would clearly endanger the public health he shall notify the Governor of the State and the appropriate advisory committee provided for by subparagraph (a) (4) of this section of such fact for effective action under State or local law. If the State does not take action to prevent such endangering of the public health within a reasonable time after such notice, as determined by the Secretary,

in light of the risk to public health, the Secretary may forthwith designate any such establishment as subject to the provision of said sections of this Act, and thereupon the establishment and operator thereof shall be subject to such provisions as though engaged in commerce until such time the Secretary determines that such State has developed and will enforce requirements at least equal to those imposed under said sections.

"(2) The provisions of this Act requiring inspection of the slaughter of poultry and the processing of poultry products shall not apply to operations of types traditionally and usually conducted at retail stores and restaurants, when conducted at any retail store or restaurant or similar retail-type establishment for sale in normal retail quantities or service of such articles to consumers at such establishments if such establishments are subjected to such inspection provisions only under this paragraph (c).

"(3) Whenever the Secretary determines that any State designated under this paragraph (c) has developed and will enforce State poultry products inspection requirements at least equal to those imposed under the aforesaid sections of this Act, with respect to the operations and transactions within such State which are regulated under subparagraph (1) of this paragraph (c), he shall terminate the designation of such State under this paragraph (c), but this shall not preclude the subsequent redesignation of the State at any time upon thirty days' notice to the Governor and publication in the Federal Register in accordance with this paragraph, and any State may be designated upon such notice and publication, at any time after the period specified in this paragraph whether or not the State has theretofore been designated, upon the Secretary determining that it is not effectively enforcing requirements at least equal to those imposed under said sections.

"(4) The Secretary shall promptly upon enactment of the Wholesome Poultry Products Act, and periodically thereafter, review the requirements, including the enforcement thereof, of the several States not designated under this paragraph (c), with respect to the slaughter, and the processing, storage, handling, and distribution of poultry products, and inspection of such operations.

"(5) Poultry products processed under State inspection at any establishment in any State, not designated under this paragraph (c), in accordance with requirements which the Secretary has determined are at least equal to those under sections 1-4, 6-10, and 12-22 of this Act, shall be eligible for distribution in commerce, upon the same basis as poultry products inspected under this Act, when they are marked under such supervision and other conditions as the Secretary may by regulation prescribe, with a combined State-Federal official inspection legend.

"(d) As used in this section, the term 'State' means any State (including the Commonwealth of Puerto Rico) or organized territory."

SEC. 6. Section 6 of said Act (21 U.S.C. 455) is hereby amended as follows:

(a) Paragraph (a) is amended to read:

"(a) For the purpose of preventing the entry into or flow or movement in commerce of, or the burdening of commerce by, any poultry product which is capable of use as human food and is adulterated, the Secretary shall, where and to the extent considered by him necessary, cause to be made by inspectors ante mortem inspection of poultry in each official establishment processing poultry or poultry products for commerce or otherwise subject to inspection under this Act."

(b) Paragraph (b) is amended by deleting the phrase "in, or for marketing in a designated city or area" and substituting the phrase "otherwise subject to inspection under this Act"; by inserting the word "and" before the word "reinspection"; and by inserting the phrase "capable of use as human food" after the phrase "poultry products" the first time the latter phrase appears in the paragraph.

(c) Paragraph (c) is amended by deleting the phrase "unwholesome or" and the phrase "not unwholesome and" each time they appear therein; and by inserting the word "other" before the phrase "poultry products."

SEC. 7. In section 7 of said Act (21 U.S.C. 456) paragraph (a) is hereby amended by deleting the phrase "in or for marketing in a designated major consuming area" and substituting the phrase "otherwise subject to inspection under this act"; by deleting the phrase "in a designated major consuming area" and substituting the phrase "burdensome effect upon commerce"; and by deleting the phrase "unwholesome or".

SEC. 8. Section 8 of said Act (21 U.S.C. 457) is hereby amended to read:

"SEC. 8. (a) All poultry products inspected at any official establishment under the authority of this Act and found to be not adulterated, shall at the time they leave the establishment bear, in distinctly legible form, directly thereon and on their shipping containers and immediate containers, as the Secretary may require, the information required under paragraph (h) of Section 4 of this Act.

"(b) The Secretary, whenever he determines such action is necessary for the protection of the public, may prescribe: (1) the styles and sizes of type to be used with respect to material required to be incorporated in labeling to avoid false or misleading labeling in marketing and labeling any articles or poultry subject to this Act; (2) definitions and standards of identity or composition or articles subject to this Act and standards of fill of container for such articles not inconsistent with any such standards established under the Federal Food, Drug, and Cosmetic Act, and there shall be consultation between the Secretary and the Secretary of Health, Education, and Welfare prior to the issuance of such standards under either Act relating to articles subject to this Act to avoid inconsistency in such standards and possible impairment of the coordinated effective administration of these Acts. There shall also be consultation between the Secretary and an appropriate advisory committee provided for in section 5 of this Act, prior to the issuance of such standards under this Act, to avoid, insofar as feasible, inconsistency between Federal and State standards.

"(c) No article subject to this Act shall be sold or offered for sale by any person in commerce, under any name or other marking or labeling which is false or misleading, or in any container of a misleading form or size, but established trade names and other marking and labeling and containers which are not false or misleading and which are approved by the Secretary are permitted.

"(d) If the Secretary has reason to believe that any marking or labeling or the size or form of any container in use or proposed for use with respect to any article subject to this Act is false or misleading in any particular, he may direct that such use be withheld unless the marking, labeling, or container is modified in such manner as he may prescribe so that it will not be false or misleading. If the person using or proposing to use the marking, labeling, or container does not accept the determination of the Secretary, such person may request a hearing, but the use of the marking, labeling or container shall, if the Secretary so directs, be withheld pending hearing and final determination by the Secretary. Any such determination by the Secretary shall be conclusive unless, within thirty days after receipt of notice of such final determination, the person adversely affected thereby appeals to the United States court of appeals for the circuit in which such person has its principal place of business or to the United States Court of Appeals for the District of Columbia Circuit. The provisions of section 204 of the Packers and Stockyards Act, 1921 (42 Stat. 162, as amended; 7 U.S.C. 194) shall be applicable to appeals taken under this section."

SEC. 9. Section 9 of said Act (21 U.S.C. 458) is amended to read:

"SEC. 9. (a) No person shall—

"(1) slaughter any poultry or process any poultry products which are capable of use as human food at any establishment processing any such articles for commerce, except in compliance with the requirements of this Act:

"(2) sell, transport, offer for sale or transportation, or receive for transportation, in commerce, (A) any poultry products which are capable of use as human food and are adulterated or misbranded at the time of such sale, transportation, offer for sale or transportation, or receipt for transportation; or (B) any poultry products required to be inspected under this Act unless they have been so inspected and passed:

"(3) do, with respect to any poultry products which are capable of use as human food, any act while they are being transported in commerce or held for sale after such transportation, which is intended to cause or has the effect of causing such products to be adulterated or misbranded:

"(4) sell, transport, offer for sale or transportation, or receive for transportation, in commerce or from an official establishment, any slaughtered poultry from which the blood, feathers, feet, head, or viscera have not been removed in accordance with regulations promulgated by the Secretary, except as may be authorized by regulations of the Secretary:

"(5) use to his own advantage, or reveal other than to the authorized representatives of the United States Government or any State or other

government in their official capacity, or as ordered by a court in any judicial proceedings, any information acquired under the authority of this Act concerning any matter which is entitled to protection as a trade secret.

“(b) No brand manufacturer, printer, or other person shall cast, print, lithograph, or otherwise make any device containing any official mark or simulation thereof, or any label bearing any such mark or simulation, or any form of official certificate or simulation thereof, except as authorized by the Secretary.

“(c) No person shall—

“(1) forge any official device, mark, or certificate;

“(2) without authorization from the Secretary use any official device, mark, or certificate, or simulation thereof, or alter, detach, deface, or destroy any official device, mark, or certificate;

“(3) contrary to the regulations prescribed by the Secretary, fail to use, or to detach, deface, or destroy any official device, mark, or certificate;

“(4) knowingly possess, without promptly notifying the Secretary or his representative, any official device or any counterfeit, simulated, forged, or improperly altered official certificate or any device or label or any carcass of any poultry, or part or product thereof, bearing any counterfeit, simulated, forged, or improperly altered official mark;

“(5) knowingly make any false statement in any shippers certificate or other nonofficial or official certificate provided for in the regulations prescribed by the Secretary; or

“(6) knowingly represent that any article has been inspected and passed, or exempted, under this Act when, in fact, it has, respectively, not been so inspected and passed, or exempted.”

SEC. 10. Section 10 of said Act (21 U.S.C. 459) is hereby amended by deleting the phrase “in or for marketing in a designated major consuming area” and substituting the phrase “otherwise subject to this Act”.

SEC. 11. Section 11 of said Act (21 U.S.C. 460) is hereby amended to read:

“(a) Inspection shall not be provided under this Act at any establishment for the slaughter of poultry or the processing of any carcasses or parts or products of poultry, which are not intended for use as human food, but such articles shall, prior to their offer for sale or transportation in commerce, unless naturally inedible by humans, be denatured or otherwise identified as prescribed by regulations of the Secretary to deter their use for human food. No person shall buy, sell, transport, or offer for sale or transportation, or receive for transportation in commerce, or import, any poultry carcasses or parts or products thereof which are not intended for use as human food unless they are denatured or otherwise identified as required by the regulations of the Secretary or are naturally inedible by humans.

“(b) The following classes of persons shall, for such period of time as the Secretary may by regulations prescribe, keep such records as will fully and correctly disclose all transactions involved in their businesses; and all persons subject to such requirements shall, at all reasonable times, upon notice by a duly authorized representative of the Secretary, afford such representative access to their places of business and opportunity to examine the facilities, inventory and records thereof, to copy all such records, and to take reasonable samples of their inventory upon payment of the fair market value therefor—

“(1) Any person that engages in the business of slaughtering any poultry or processing, freezing, packaging, or labeling any carcasses, or parts or products of carcasses, of any poultry, for commerce, for use as human food or animal food;

“(2) Any person that engages in the business of buying or selling (as poultry products brokers, wholesalers or otherwise), or transporting, in commerce, or storing in or for commerce, or importing, any carcasses, or parts or products of carcasses, of any poultry;

“(3) Any person that engages in business, in or for commerce, as a renderer, or engages in the business of buying, selling, or transporting, in commerce, or importing, any dead, dying, disabled, or diseased poultry or parts of the carcasses of any poultry that died otherwise than by slaughter.

“(c) No person shall engage in business, in or for commerce, as a poultry products broker, renderer, or animal food manufacturer, or engage in business in commerce as a wholesaler of any carcasses, or parts or products of the carcasses, of any poultry, whether intended for human food or other purposes, or engage in business as a public warehouseman storing any such articles in or for commerce, or engage in the business of buying, selling, or transporting in com-

merce, or importing, any dead, dying, disabled, or diseased poultry, or parts of the carcasses of any poultry that died otherwise than by slaughter, unless, when required by regulations of the Secretary, he has registered with the Secretary his name, and the address of each place of business at which, and all trade names under which, he conducts such business.

“(d) No person engaged in the business of buying, selling, or transporting in commerce, or importing, dead, dying, disabled, or diseased poultry, or any parts of the carcasses of any poultry that died otherwise than by slaughter, shall buy, sell, transport, offer for sale or transportation, or receive for transportation, in commerce, or import, any dead, dying, disabled, or diseased poultry or parts of the carcasses of any poultry that died otherwise than by slaughter, unless such transaction, transportation or importation is made in accordance with such regulations as the Secretary may prescribe to assure that such poultry, or the unwholesome parts or products thereof, will be prevented from being used for human food.

“(e) The authority conferred on the Secretary by paragraph (b), (c), or (d) of this section with respect to persons engaged in the specified kinds of business in or for commerce may be exercised with respect to persons engaged, in any State or organized territory, in such kinds of business but not in or for commerce, whenever the Secretary determines, after consultation with an appropriate advisory committee provided for in section 5 of this Act, that the State or territory does not have at least equal authority under its laws or such authority is not exercised in a manner to effectuate the purposes of this Act, including the State or territory providing for the Secretary or his representative being afforded access to such places of business and the facilities inventories, and records thereof, and the taking of reasonable samples, where he determines necessary in carrying out his responsibilities under this Act; and in such case the provisions of paragraph (b), (c), or (d) of this section, respectively, shall apply to such persons to the same extent and in the same manner as if they were engaged in such business in or for commerce and the transactions involved were in commerce.”

SEC. 12. Section 12 of said Act (21 U.S.C. 461) is hereby amended as follows:

(a) Paragraph (a) is amended by changing the first sentence to read:

“Any person who violates the provisions of section 9, 10, 11, 14, or 17 of this Act shall be fined not more than \$1,000 or imprisoned not more than one year, or both; but if such violation involves intent to defraud, or any distribution or attempted distribution of an article that is adulterated (except as defined in section 4(g)(8) of this Act), such person shall be fined not more than \$10,000 or imprisoned not more than three years, or both.”

(b) Paragraph (b) is amended by deleting the phrase “not otherwise eligible” and substituting the phrase “otherwise not eligible”; by deleting the word “slaughtered” each time it appears; and by adding the following before the period at the end of the paragraph: “or unless the carrier refuses to furnish on request of a representative of the Secretary the name and address of the person from whom he received such poultry or poultry products, and copies of all documents, if any there be, pertaining to the delivery of the poultry or poultry products to such carrier”.

(c) A new paragraph (c) is added to read:

“(c) Any person who forcibly assaults, resists, opposes, impedes, intimidates, or interferes with any person while engaged in or on account of the performance of his official duties under this Act shall be fined not more than \$5,000 or imprisoned not more than three years, or both. Whoever, in the commission of any such acts, uses a deadly or dangerous weapon, shall be fined not more than \$10,000 or imprisoned not more than ten years, or both. Whoever kills any person while engaged in or on account of the performance of his official duties under this Act shall be punished as provided under sections 1111 and 1114 of title 18, United States Code.”

SEC. 13. Section 14 of said Act (21 U.S.C. 463) is hereby amended by designating the present provisions thereof as paragraph (b): by inserting the word “other” before the word “rules” in said paragraph; and by adding a new paragraph (a) to read:

“(a) The Secretary may by regulations prescribe conditions under which poultry products capable of use as human food, shall be stored or otherwise handled by any person engaged in the business of buying, selling, freezing, storing, or transporting, in or for commerce, or importing, such articles, whenever the Secretary deems such action necessary to assure that such articles will

not be adulterated or misbranded when delivered to the consumer. Violation of any such regulation is prohibited. However, such regulations shall not apply to the storage or handling of such articles at any retail store or other establishment in any State or organized Territory that would be subject to this section only because of purchases in commerce, if the storage and handling of such articles at such establishment is regulated under the laws of the State or Territory in which such establishment is located in a manner which the Secretary, after consultation with the appropriate advisory committee provided for in section 5 of this Act, determines is adequate to effectuate the purposes of this section."

SEC. 14. Section 15 of said Act (21 U.S.C. 464) is hereby amended as follows:

(a) In paragraph (a), subparagraph (1) is deleted and subparagraph (2), (3), and (4) are redesignated, respectively, as subparagraphs (1), (2), and (3);

(b) In paragraph (a), in redesignated subparagraph (2) (formerly (3)), the date "July 1, 1960" is deleted and the date "January 1, 1970" is substituted therefor;

(c) Paragraph (b) is redesignated as paragraph (e) and new paragraphs (b), (c), and (d) are added to read:

"(b) The Secretary may, under such sanitary conditions as he may by regulations prescribe, exempt from the inspection requirements of this Act the slaughter of poultry, and the processing of poultry products, by any person in any Territory not organized with a legislative body, solely for distribution within such Territory, when the Secretary determines that it is impracticable to provide such inspection within the limits of funds appropriated for administration of this Act and that such exemption will aid in the effective administration of this Act.

"(c) The provisions of this Act requiring inspection of the slaughter of poultry and the processing of poultry products at establishments conducting such operations for commerce shall not apply to the slaughtering by any person of poultry of his own raising, and the processing by him and transportation in commerce of the poultry products exclusively for use by him and members of his household and his nonpaying guests and employees; nor to the custom slaughter by any person of poultry delivered by the owner thereof for such slaughter, and the processing by such slaughterer and transportation in commerce of the poultry products exclusively for use, in the household of such owner, by him and members of his household and his nonpaying guests and employees: *Provided*, That such custom slaughterer does not engage in the business of buying or selling any poultry products capable of use as human food.

"(d) The adulteration and misbranding provisions of this Act, other than the requirement of the inspection legend, shall apply to articles which are exempted from inspection or not required to be inspected under this section, except as otherwise specified under paragraph (a)."

SEC. 15. Section 16 of said Act (21 U.S.C. 465) is hereby amended to read:

"SEC. 16. The Secretary may limit the entry of poultry products and other materials into any official establishment, under such conditions as he may prescribe to assure that allowing the entry of such articles into such inspected establishments will be consistent with the purposes of this Act."

SEC. 16. Section 17 of said Act (21 U.S.C. 466) is hereby amended to read:

"SEC. 17. (a) No poultry products which are capable of use as human food shall be imported into the United States if such articles are adulterated or misbranded and unless they comply with all the inspection, building construction standards, and all other provisions of this Act and regulations issued thereunder applicable to such articles in commerce within the United States. All such imported articles shall, upon entry into the United States, be deemed and treated as domestic articles subject to the other provisions of this Act and the Federal Food, Drug, and Cosmetic Act: *Provided*, That they shall be marked and labeled as required by such regulations for imported articles: *Provided further*, That nothing in this section shall apply to any individual who purchases poultry products outside the United States for his own consumption except that the total amount of such poultry products shall not exceed fifty pounds.

"(b) The Secretary may prescribe the terms and conditions for the destruction of all such articles which are imported contrary to this section, unless (1) they are exported by the consignee within the time fixed therefor by the Secretary, or (2) in the case of articles which are not in compliance with the Act solely because of misbranding, such articles are brought into compliance with the Act under supervision of authorized representatives of the Secretary.

"(c) All charges for storage, cartage, and labor with respect to any article which is imported contrary to this section shall be paid by the owner or consignee, and in default of such payment shall constitute a lien against such article and any other article thereafter imported under this Act by or for such owner or consignee.

"(d) The knowing importation of any article contrary to this section is prohibited."

SEC. 17. Section 18 of said Act (21 U.S.C. 467) is hereby amended to read:

"SEC. 18. (a) The Secretary may (for such period, or indefinitely, as he deems necessary to effectuate the purposes of this Act) refuse to provide, or withdraw, inspection service under this Act with respect to any establishment if he determines, after opportunity for a hearing is accorded to the applicant for, or recipient of, such service, that such applicant or recipient is unfit to engage in any business requiring inspection under this Act because the applicant or recipient or anyone responsibly connected with the applicant or recipient, has been convicted, in any Federal or State court, within the previous ten years of (1) any felony or more than one misdemeanor under any law based upon the acquiring, handling, or distributing of adulterated, mislabeled, or deceptively packaged food or fraud in connection with transactions in food; or (2) any felony, involving fraud, bribery, extortion, or any other act or circumstance indicating a lack of the integrity needed for the conduct of operations affecting the public health. For the purpose of this paragraph a person shall be deemed to be responsibly connected with the business if he was a partner, officer, director, holder, or owner of 10 per centum or more of its voting stock or employee in a managerial or executive capacity.

"(b) Upon the withdrawal of inspection service from any official establishment for failure to destroy condemned poultry products as required under section 6 of this Act, or other failure of an official establishment to comply with the requirements as to premises, facilities, or equipment, or the operation thereof, as provided in section 7 of this Act or the refusal of inspection service to any applicant therefor because of failure to comply with any requirements under section 7, the applicant for, or recipient of, the service shall, upon request, be afforded opportunity for a hearing with respect to the merits or validity of such action; but such withdrawal or refusal shall continue in effect unless otherwise ordered by the Secretary.

"(c) The determination and order of the Secretary when made after opportunity for hearing, with respect to withdrawal or refusal of inspection service under this Act shall be final and conclusive unless the affected applicant for, or recipient of, inspection service files application for judicial review within thirty days after the effective date of such order in the United States Court of Appeals as provided in section 8 of this Act. Judicial review of any such order shall be upon the record upon which the determination and order are based. The provisions of section 204 of the Packers and Stockyards Act of 1921, as amended, shall be applicable to appeals taken under this section."

SEC. 18. Sections 19 through 22 of said Act (21 U.S.C. 468, 469, 451 note) are hereby redesignated as sections 25 through 28, respectively, and new sections 19, 20, 21, 22, 23, and 24 are added to the Act to read, respectively:

"SEC. 19. Whenever any poultry product, or any product exempted from the definition of a poultry product or any dead, dying, disabled, or diseased poultry is found by any authorized representative of the Secretary upon any premises where it is held for purposes of, or during or after distribution in, commerce or otherwise subject to this Act, and there is reason to believe that any such article is adulterated or misbranded and is capable of use as human food, or that it has not been inspected, in violation of the provisions of this Act or of any other Federal law or the laws of any State or Territory, or the District of Columbia, or that it has been or is intended to be, distributed in violation of any such provisions, it may be detained by such representative for a period not to exceed twenty days, pending action under section 20 of this Act or notification of any Federal, State, or other governmental authorities having jurisdiction over such article or poultry, and shall not be moved by any person, from the place at which it is located when so detained, until released by such representative. All official marks may be required by such representative to be removed from such article or poultry before it is released unless it appears to the satisfaction of the Secretary that the article or poultry is eligible to retain such marks.

"SEC. 20. (a) Any poultry product, or any dead, dying, disabled, or diseased poultry, that is being transported in commerce or otherwise subject to this Act,

or is held for sale in the United States after such transportation, and that (1) is or has been processed, sold, transported, or otherwise distributed or offered or received for distribution in violation of this Act, or (2) is capable of use as human food and is adulterated or misbranded, or (3) in any other way is in violation of this Act, shall be liable to be proceeded against and seized and condemned, at any time, on a libel or information in any United States district court or other proper court as provided in section 21 of this Act within the jurisdiction of which the article or poultry is found. If the article or poultry is condemned it shall, after entry of the decree, be disposed of by destruction or sale as the court may direct and the proceeds, if sold, less the court costs and fees, and storage and other proper expenses, shall be paid into the Treasury of the United States, but the article or poultry shall not be sold contrary to the provisions of this Act, or the laws of jurisdiction in which it is sold: *Provided*, That upon the execution and delivery of a good and sufficient bond conditioned that the article or poultry shall not be sold or otherwise disposed of contrary to the provisions of this Act, or the laws of the jurisdiction in which disposal is made, the court may direct that such article or poultry be delivered to the owner thereof subject to such supervision by authorized representatives of the Secretary as is necessary to insure compliance with the applicable laws. When a decree of condemnation is entered against the article or poultry and it is released under bond, or destroyed, court costs and fees, and storage and other proper expenses shall be awarded against the person, if any intervening as claimant of the article or poultry. The proceedings in such libel cases shall conform, as nearly as may be, to the proceedings in admiralty, except that either party may demand trial by jury of any issue of fact joined in any case, and all such proceedings shall be at the suit of and in the name of the United States.

“(b) The provisions of this section shall in no way derogate from authority for authority for condemnation or seizure conferred by other provisions of this Act, or other laws.

“SEC. 21. The United States district courts, the District Court of Guam, the District Court of the Virgin Islands, the highest court of American Samoa, and the United States courts of the other territories, are vested with jurisdiction specifically to enforce, and to prevent and restrain violations of, this Act and shall have jurisdiction in all other kinds of cases arising under this Act, except as provided in section 8(d) or 18 of this Act. All proceedings for the enforcement or to restrain violations of this Act shall be made by and in the name of the United States. Supenas for witnesses who are required to attend a court of the United States, in any district, may run into any other district in any such proceeding.

“SEC. 22. For the efficient administration and enforcement of this Act, the provisions (including penalties) of sections 6, 8, 9, and 10 of the Federal Trade Commission Act, as amended (38 Stat. 721-723, as amended; 15 U.S.C. 46, 48, 49, and 50) (except paragraphs (c) through (h) of section 6 and the last paragraph of section 9), and the provisions of subsection 409(1) of the Communications Act of 1934 (48 Stat. 1096, as amended; 47 U.S.C. 409(1)), are made applicable to the jurisdiction, powers, and duties of the Secretary in administering and enforcing the provisions of this Act and to any person with respect to whom such authority is exercised. The Secretary, in person or by such agents as he may designate, may prosecute any inquiry necessary to his duties under this Act in any part of the United States, and the powers conferred by said sections 9 and 10 of the Federal Trade Commission Act as amended on the district courts of the United States may be exercised for the purposes of this Act by any court designated in section 21 of this Act.

“SEC. 23. Requirements within the scope of this Act with respect to premises, facilities and operations of any official establishment, which are in addition to, or different than those made under this Act may not be imposed by any State or Territory or the District of Columbia, except that any such jurisdiction may impose recordkeeping and other requirements within the scope of paragraph (b) of section 11 of this Act, if consistent therewith, with respect to any such establishment. Marking, labeling, packaging, or ingredient requirements in addition to, or different than, those made under this Act may not be imposed by any State or Territory or the District of Columbia with respect to articles prepared at any official establishment in accordance with the requirements under this Act, but any State or Territory or the District of Columbia may, consistent with the requirements under this Act, exercise concurrent jurisdiction with the Secretary over articles required to be inspected under this Act, for the purpose

of preventing the distribution for human food purposes of any such articles which are adulterated or misbranded and are outside of such an establishment, or, in the case of imported articles which are not at such an establishment, after their entry into the United States. This Act shall not preclude any State or Territory or the District of Columbia from making requirement or taking other action, consistent with this Act, with respect to any other matters regulated under this Act.

"SEC. 24. (a) Poultry and poultry products shall be exempt from the provisions of the Federal Food, Drug, and Cosmetic Act to the extent of the application or extension thereto of the provisions of this Act, except that the provisions of this Act shall not derogate from any authority conferred by the Federal Food, Drug, and Cosmetic Act prior to enactment of the Wholesome Poultry Products Act.

"(b) The detainer authority conferred by section 19 of this Act shall apply to any authorized representative of the Secretary of Health, Education, and Welfare for purposes of the enforcement of the Federal Food, Drug, and Cosmetic Act with respect to any poultry carcass, or part or product thereof, that is outside any official establishment, and for such purposes the first reference to the Secretary in section 19 shall be deemed to refer to the Secretary of Health, Education, and Welfare."

SEC. 19. The heading "Designation" preceding section 5 of said Act is hereby amended to read "Federal and State cooperation"; the heading "Labeling" preceding section 8 of said Act is hereby amended to read "Labeling and containers; standards"; the heading "Records of interstate shipment" preceding section 11 of said Act is hereby amended to read "Articles not intended for human food; record and related requirements for processors of poultry products and related industries engaged in commerce; registration requirements for related industries engaged in commerce; regulation of transactions in commerce in dead, dying, disabled, or diseased poultry and carcasses thereof; authority to regulate comparable intrastate activities"; and the heading "Violations by exempted persons" preceding section 16 of said Act is hereby amended to read "Entry of materials into official establishments."

SEC. 20. If any provisions of this Act or of the amendments made hereby or the application thereof to any person or circumstances is held invalid, the validity of the remainder of the Act and the remaining amendments and of the application of such provision to other persons and circumstances shall not be affected thereby.

SEC. 21. This Act shall become effective upon enactment except as provided in paragraphs (a) through (c):

(a) The provisions of subparagraphs (a) (2) (A) and (a) (3) of section 9 of the Poultry Products Inspection Act and the provisions of section 17 of said Act, as amended by sections 9 and 16 of this Act, shall become effective upon the expiration of sixty days after enactment hereof.

(b) Section 14 of this Act, amending section 15 of the Poultry Products Inspection Act, shall become effective upon the expiration of sixty days after enactment hereof.

(c) Paragraph 11(d) of the Poultry Products Inspection Act, as added by section 11 of this Act, shall become effective upon the expiration of sixty days after enactment hereof.

[H.R. 15154, 90th Cong., second sess.]

A BILL To clarify and otherwise amend the Poultry Products Inspection Act, to provide for cooperation with appropriate State agencies with respect to State poultry products inspection programs, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Wholesome Poultry Products Act".

SEC. 2. Section 2 of the Poultry Products Inspection Act (71 Stat. 441, as amended; 21 U.S.C. 451) is hereby amended to read:

"SEC. 2. Poultry and poultry products are an important source of the Nation's total supply of food. They are consumed throughout the Nation and the major portion thereof moves in interstate or foreign commerce. It is essential in the public interest that the health and welfare of consumers be protected by assuring that poultry products distributed to them are wholesome, not adulterated, and properly marked, labeled, and packaged. Unwholesome, adulterated, or mis-

branded poultry products impair the effective regulation of poultry products in interstate or foreign commerce, are injurious to the public welfare, destroy markets for wholesome, not adulterated, and properly labeled and packaged poultry products, and result in sundry losses to poultry producers and processors of poultry and poultry products, as well as injury to consumers. The unwholesome, adulterated, mislabeled, or deceptively packaged articles can be sold at lower prices and compete unfairly with the wholesome, not adulterated, and properly labeled and packaged articles, to the detriment of consumers and the public generally. It is hereby found that all articles and poultry which are regulated under this Act are either in interstate or foreign commerce or substantially affect such commerce, and that regulation by the Secretary of Agriculture and cooperation by the States and other jurisdictions as contemplated by this Act are appropriate to prevent and eliminate burdens upon such commerce, to effectively regulate such commerce, and to protect the health and welfare of consumers."

SEC. 3. Section 3 of said Act (21 U.S.C. 452) is hereby amended to read :

"SEC. 3. It is hereby declared to be the policy of the Congress to provide for the inspection of poultry and poultry products and otherwise regulate the processing and distribution of such articles as hereinafter prescribed to prevent the movement or sale in interstate or foreign commerce of, or the burdening of such commerce by, poultry products which are adulterated or misbranded."

SEC. 4. Section 4 of said Act (21 U.S.C. 453) is hereby amended to read : "For purposes of this Act—

"(a) The term 'commerce' means commerce between any State, any Territory, or the District of Columbia, and any place outside thereof; or within any territory not organized with a legislative body, or the District of Columbia.

"(b) Except as otherwise provided in this Act, the term 'State' means any State of the United States and the Commonwealth of Puerto Rico.

"(c) The term 'territory' means Guam, the Virgin Islands of the United States, American Samoa, and any other territory or possession of the United States, excluding the Canal Zone.

"(d) The term 'United States' means the States, the District of Columbia, and the Territories of the United States.

"(e) The term 'poultry' means any domesticated birds, whether live or dead.

"(f) The term 'poultry product' means any poultry carcass, or part thereof; or any product which is made wholly or in part from any poultry carcass or part thereof, excepting products which contain poultry ingredients only in a relatively small proportion or historically have not been considered by consumers as products of the poultry food industry, and which are exempted by the Secretary from definition as a poultry product under such conditions as the Secretary may prescribe to assure that the poultry ingredients in such products are not adulterated and that such products are not represented as poultry products.

"(g) The term 'adulterated' shall apply to any poultry product under one or more of the following circumstances:

"(1) if it bears or contains any poisonous or deleterious substance which may render it injurious to health; but in case the substance is not an added substance, such article shall not be considered adulterated under this clause if the quantity of such substance in or on such article does not ordinarily render it injurious to health;

"(2)(A) if it bears or contains (by reason of administration of any substance to the live poultry or otherwise) any added poisonous or added deleterious substance (other than one which is (i) a pesticide chemical in or on a raw agricultural commodity; (ii) a food additive; or (iii) a color additive) which may, in the judgment of the Secretary, make such article unfit for human food;

"(B) if it is, in whole or in part, a raw agricultural commodity and such commodity bears or contains a pesticide chemical which is unsafe within the meaning of section 408 of the Federal Food, Drug, and Cosmetic Act;

"(C) if it bears or contains any food additive which is unsafe within the meaning of section 409 of the Federal Food, Drug, and Cosmetic Act;

"(D) if it bears or contains any color additive which is unsafe within the meaning of section 706 of the Federal Food, Drug, and Cosmetic Act: *Provided*, That an article which is not otherwise deemed adulterated under clause (B), (C), or (D) shall nevertheless be deemed adulterated if use of pesticide chemical, food additive, or color additive in or on such article is prohibited by regulations of the Secretary in official establishments;

"(3) if it consists in whole or in part of any filthy, putrid, or decomposed substance or is for any other reason unsound, unhealthful, unwholesome, or otherwise unfit for human food;

"(4) if it has been prepared, packed, or held under insanitary conditions whereby it may have become contaminated with filth, or whereby it may have been rendered injurious to health;

"(5) if it is, in whole or in part, the product of any poultry which has died otherwise than by slaughter;

"(6) if its container is composed, in whole or in part of any poisonous or deleterious substance which may render the contents injurious to health;

"(7) if it has been intentionally subjected to radiation, unless the use of the radiation was in conformity with a regulation or exemption in effect pursuant to section 409 of the Federal Food, Drug, and Cosmetic Act; or

"(8) if any valuable constituent has been in whole or in part omitted or abstracted therefrom; or if any substance has been substituted, wholly or in part therefor; or if damage or inferiority has been concealed in any manner; or if any substance has been added thereto or mixed or packed therewith so as to increase its bulk or weight, or reduce its quality or strength, or make it appear better or of greater value than it is.

"(h) The term 'misbranded' shall apply to any poultry product under one or more of the following circumstances:

"(1) if its labeling is false or misleading in any particular;

"(2) if it is offered for sale under the name of another food;

"(3) if it is an imitation of another food, unless its label bears, in type of uniform size and prominence, the word 'imitation' and immediately thereafter, the name of the food imitated;

"(4) if its container is so made, formed, or filled as to be misleading;

"(5) unless it bears a label showing (A) the name and the place of business of the manufacturer, packer, or distributor; and (B) an accurate statement of the quantity of the product in terms of weight, measure, or numerical count: *Provided*, That under clause (B) of this subparagraph (5), reasonable variations may be permitted, and exemptions as to small packages or or articles not in packages or other containers may be established by regulations prescribed by the Secretary;

"(6) if any word, statement, or other information required by or under authority of this Act to appear on the label or other labeling is not prominently placed thereon with such conspicuousness (as compared with other words, statements, designs, or devices, in the labeling) and in such terms as to render it likely to be read and understood by the ordinary individual under customary conditions of purchase and use;

"(7) if it purports to be or is represented as a food for which a definition and standard of identity or composition has been prescribed by regulations of the Secretary under section 8 of this Act unless (A) it conforms to such definition and standard, and (B) its label bears the name of the food specified in the definition and standard and, insofar as may be required by such regulations, the common names of optional ingredients (other than spices, flavoring, and coloring) present in such food;

"(8) if it purports to be or is represented as a food for which a standard or standards of fill of container have been prescribed by regulations of the Secretary under section 8 of this Act, and it falls below the standard of fill of container applicable thereto, unless its label bears, in such manner and form as such regulations specify, a statement that it falls below such standard;

"(9) if it is not subject to the provisions of subparagraph (7), unless its label bears (A) the common or usual name of the food, if any there be, and (B) in case it is fabricated from two or more ingredients, the common or usual name of each such ingredient; except that spices, flavorings, and colorings may, when authorized by the Secretary, be designated as spices, flavorings, and colorings without naming each: *Provided*, That, to the extent that compliance with the requirements of clause (B) of this subparagraph (9) is impracticable, or results in deception or unfair competition, exemptions shall be established by regulations promulgated by the Secretary;

"(10) if it purports to be or is represented for special dietary uses, unless its label bears such information concerning its vitamin, mineral, and other dietary properties as the Secretary, after consultation with the Secretary of Health, Education, and Welfare, determines to be, and by regulations

prescribes as, necessary in order fully to inform purchasers as to its value for such uses;

"(11) if it bears or contains any artificial flavoring, artificial coloring, or chemical preservative, unless it bears labeling stating that fact: *Provided*, That, to the extent that compliance with the requirements of this subparagraph (11) is impracticable, exemptions shall be established by regulations promulgated by the Secretary; or

"(12) if it fails to bear, directly thereon and on its containers, as the Secretary may by regulations prescribe, the official inspection legend and official establishment number of the establishment where the article was processed, and, unrestricted by any of the foregoing, such other information as the Secretary may require in such regulations to assure that it will not have false or misleading labeling and that the public will be informed of the manner of handling required to maintain the article in a wholesome condition.

"(i) The term 'Secretary' means the Secretary of Agriculture or his delegate.

"(j) The term 'person' means any individual, partnership, corporation, association, or other business unit.

"(k) The term 'inspector' means: (1) an employee or official of the United States Government authorized by the Secretary to inspect poultry and poultry products under the authority of this Act, or (2) any employee or official of the Government of any State or Territory or the District of Columbia authorized by the Secretary to inspect poultry and poultry products under authority of this Act, under an agreement entered into between the Secretary and the appropriate State or other agency.

"(l) The term 'official mark' means the official inspection legend or any other symbol prescribed by regulations of the Secretary to identify the status of any article or poultry under this Act.

"(m) The term 'official inspection legend' means any symbol prescribed by regulations of the Secretary showing that an article was inspected and passed in accordance with this Act.

"(n) The term 'official certificate' means any certificate prescribed by regulations of the Secretary for issuance by an inspector or other person performing official functions under this Act.

"(o) The term 'official device' means any device prescribed or authorized by the Secretary for use in applying any official mark.

"(p) The term 'official establishment' means any establishment as determined by the Secretary at which inspection of the slaughter of poultry, or the processing of poultry products, is maintained under the authority of this Act.

"(q) The term 'inspection service' means the official Government service within the Department of Agriculture designated by the Secretary as having the responsibility for carrying out the provisions of this Act.

"(r) The term 'container' or 'package' includes any box, can, tin, cloth, plastic, or other receptacle, wrapper, or cover.

"(s) The term 'label' means a display of written, printed, or graphic matter upon any article or the immediate container (not including package liners) of any article; and the term 'labeling' means all labels and other written, printed, or graphic matter (1) upon any article or any of its containers or wrappers, or (2) accompanying such article.

"(t) The term 'shipping container' means any container used or intended for use in packaging the product packed in an immediate container.

"(u) The term 'immediate container' includes any consumer package; or any other container in which poultry products, not consumer packaged, are packed.

"(v) The term 'capable of use as human food' shall apply to any carcass, or part or product of a carcass, of any poultry, unless it is denatured or otherwise identified as required by regulations prescribed by the Secretary to deter its use as human food, or it is naturally inedible by humans.

"(w) The term 'processed' means slaughtered, canned, salted, stuffed, rendered, boned, cut up, or otherwise manufactured or processed.

"(x) The term 'Federal Food, Drug, and Cosmetic Act' means the Act so entitled, approved June 25, 1938 (52 Stat. 1040), and Acts amendatory thereof or supplementary thereto.

"(y) The terms 'pesticide chemical', 'food additive', 'color additive', and 'raw agricultural commodity' shall have the same meanings for purposes of this Act as under the Federal Food, Drug, and Cosmetic Act.

"(z) The term 'poultry products broker' means any person engaged in the business of buying or selling poultry products on commission, or otherwise nego-

tiating purchases or sales of such articles other than for his own account or as an employee of another person.

“(aa) The term ‘renderer’ means any person engaged in the business of rendering carcasses, or parts or products of the carcasses, of poultry, except rendering conducted under inspection or exemption under this Act.

“(bb) The term ‘animal food manufacturer’ means any person engaged in the business of manufacturing or processing animal food derived wholly or in part from carcasses, or parts or products of the carcasses, of poultry.”

SEC. 5. Section 5 of said Act (21 U.S.C. 454) is hereby amended to read:

“SEC. 5. (a) It is the policy of the Congress to protect the consuming public from poultry products that are adulterated or misbranded and to assist in efforts by State and other government agencies to accomplish this objective. In furtherance of this policy—

“(1) The Secretary is authorized, whenever he determines that it would effectuate the purposes of this Act, to cooperate with the appropriate State agency in developing and administering a State poultry product inspection program in any State which has enacted a State poultry product inspection law that imposes antemortem and postmortem inspection, reinspection, and sanitation requirements that are at least equal to those under this Act, with respect to all or certain classes of persons engaged in the State in slaughtering poultry or processing poultry products for use as human food solely for distribution within such State.

“(2) The Secretary is further authorized, whenever he determines that it would effectuate the purposes of this Act, to cooperate with appropriate State agencies in developing and administering State programs under State laws containing authorities at least equal to those provided in section 11 of this Act; and to cooperate with other agencies of the United States in carrying out any provisions of this Act. In carrying out the provisions of this Act, the Secretary may conduct such examinations, investigations, and inspections as he determines practicable through any officer or employee of any State or territory or the District of Columbia commissioned by the Secretary for such purpose.

“(3) Cooperation with State agencies under this section may include furnishing to the appropriate State agency (i) advisory assistance in planning and otherwise developing an adequate State program under the State law; and (ii) technical and laboratory assistance and training (including necessary curricular and instructional materials and equipment), and financial and other aid for administration of such a program. The amount to be contributed to any State by the Secretary under this section from Federal funds for any year shall not exceed 50 per centum of the estimated total cost of the cooperative program; and the Federal funds shall be allocated among the States desiring to cooperate on an equitable basis. Such cooperation and payment shall be contingent at all times upon the administration of the State program in a manner which the Secretary, in consultation with the appropriate advisory committee appointed under subparagraph (4), deems adequate to effectuate the purposes of this section.

“(4) The Secretary may appoint advisory committees consisting of such representatives of appropriate State agencies as the Secretary and the State agencies may designate to consult with him concerning State and Federal programs with respect to poultry product inspection and other matters within the scope of this Act, including evaluating State programs for purposes of this Act and obtaining better coordination and more uniformity among the State programs and between the Federal and State programs and adequate protection of consumers.

“(b) The appropriate State agency with which the Secretary may cooperate under this Act shall be a single agency in the State which is primarily responsible for the coordination of the State programs having objectives similar to those under this Act. When the State program includes performance of certain functions by a municipality or other subordinate governmental unit, such unit shall be deemed to be a part of the State agency for purposes of this section.

“(c) As used in this section, the term ‘State’ means any State (including the Commonwealth of Puerto Rico) or organized territory.”

SEC. 6. Section 6 of said Act (21 U.S.C. 455) is hereby amended as follows:

(a) Paragraph (a) is amended to read:

“(a) For the purpose of preventing the entry into or flow or movement in commerce of, or the burdening of commerce by, any poultry product which is

capable of use as human food and is adulterated, the Secretary shall, where and to the extent considered by him necessary, cause to be made by inspectors ante mortem inspection of poultry in each official establishment processing poultry or poultry products for commerce or otherwise subject to inspection under this Act."

(b) Paragraph (b) is amended by deleting the phrase "in, or for marketing in a designated city or area" and substituting the phrase "otherwise subject to inspection under this Act"; by inserting the word "and" before the word "reinspection"; and by inserting the phrase "capable of use as human food" after the phrase "poultry products" the first time the latter phrase appears in the paragraph.

(c) Paragraph (c) is amended by deleting the phrase "unwholesome or" and the phrase "not unwholesome and" each time they appear therein; and by inserting the word "other" before the phrase "poultry products".

SEC. 7. In section 7 of said Act (21 U.S.C. 456) paragraph (a) is hereby amended by deleting the phrase "in or for marketing in a designated major consuming area" and substituting the phrase "otherwise subject to inspection under this Act"; by deleting the phrase "in a designated major consuming area" and substituting the phrase "burdensome effect upon commerce"; and by deleting the phrase "unwholesome or".

SEC. 8. Section 8 of said Act (21 U.S.C. 457) is hereby amended to read:

"SEC. 8. (a) All poultry products inspected at any official establishment under the authority of this Act and found to be not adulterated, shall at the time they leave the establishment bear, in distinctly legible form, directly thereon and on their shipping containers and immediate containers, as the Secretary may require, the information required under paragraph (h) of section 4 of this Act.

"(b) The Secretary, whenever he determines such action is necessary for the protection of the public, may prescribe: (1) the styles and sizes of type to be used with respect to material required to be incorporated in labeling to avoid false or misleading labeling in marketing and labeling any articles or poultry subject to this Act; (2) definitions and standards of identity or composition for articles subject to this Act and standards of fill of container for such articles not inconsistent with any such standards established under the Federal Food, Drug, and Cosmetic Act, and there shall be consultation between the Secretary and the Secretary of Health, Education, and Welfare prior to the issuance of such standards under either Act relating to articles subject to this Act to avoid inconsistency in such standards and possible impairment of the coordinated effective administration of these Acts. There shall also be consultation between the Secretary and an appropriate advisory committee provided for in section 5 of this Act, prior to the issuance of such standards under this Act, to avoid, insofar as feasible, inconsistency between Federal and State standards.

"(c) No article subject to this Act shall be sold or offered for sale by any person in commerce, under any name or other marking or labeling which is false or misleading, or in any container of a misleading form or size, but established trade names and other marking and labeling and containers which are not false or misleading and which are approved by the Secretary are permitted.

"(d) If the Secretary has reason to believe that any marking or labeling or the size or form of any container in use or proposed for use with respect to any article subject to this Act is false or misleading in any particular, he may direct that such use be withheld unless the marking, labeling, or container is modified in such manner as he may prescribe so that it will not be false or misleading. If the person using or proposing to use the marking, labeling, or container does not accept the determination of the Secretary, such person may request a hearing, but the use of the marking, labeling, or container shall, if the Secretary so directs, be withheld pending hearing and final determination by the Secretary. Any such determination by the Secretary shall be conclusive unless, within thirty days after receipt of notice of such final determination, the person adversely affected thereby appeals to the United States court of appeals for the circuit in which such person has its principal place of business or to the United States Court of Appeals for the District of Columbia Circuit. The provisions of section 204 of the Packers and Stockyards Act, 1921 (42 Stat. 162, as amended; 7 U.S.C. 194), shall be applicable to appeals taken under this section."

SEC. 9. Section 9 of said Act (21 U.S.C. 458) is amended to read:

"SEC. 9. (a) No person shall—

"(1) slaughter any poultry or process any poultry products which are capable of use as human food at any establishment processing any such

articles for commerce, except in compliance with the requirements of this Act;

“(2) sell, transport, offer for sale or transportation, or receive for transportation, in commerce, (A) any poultry products which are capable of use as human food and are adulterated or misbranded at the time of such sale, transportation, offered for sale or transportation, or receipt for transportation; or (B) any poultry products required to be inspected under this Act unless they have been so inspected and passed;

“(3) do, with respect to any poultry products which are capable of use as human food, any act while they are being transported in commerce or held for sale after such transportation, which is intended to cause or has the effect of causing such products to be adulterated or misbranded;

“(4) sell, transport, offer for sale or transportation, or receive for transportation, in commerce or from an official establishment, any slaughtered poultry from which the blood, feathers, feet, head, or viscera have not been removed in accordance with regulations promulgated by the Secretary, except as may be authorized by regulations of the Secretary;

“(5) use to his own advantage, or reveal other than to the authorized representatives of the United States Government or any State or other Government in their official capacity, or as ordered by a court in any judicial proceeding, any information acquired under the authority of this Act concerning any matter which is entitled to protection as a trade secret.

“(b) No brand manufacturer, printer, or other person shall cast, print, lithograph, or otherwise make any device containing any official mark or simulation thereof, or any label bearing any such mark or simulation, or any form of official certificate or simulation thereof, except as authorized by the Secretary.

“(c) No person shall—

“(1) forge any official device, mark, or certificate;

“(2) without authorization from the Secretary use any official device, mark, or certificate, or simulation thereof, or alter, detach, deface, or destroy any official device, mark, or certificate;

“(3) contrary to the regulations prescribed by the Secretary, fail to use, or to detach, deface, or destroy any official device, mark, or certificate;

“(4) knowingly possess, without promptly notifying the Secretary or his representative, any official device or any counterfeit, simulated, forged, or improperly altered official certificate or any device or label or any carcass of any poultry, or part or product thereof, bearing any counterfeit, simulated, forged, or improperly altered official mark;

“(5) knowingly make any false statement in any shipper's certificate or other nonofficial or official certificate provided for in the regulations prescribed by the Secretary; or

“(6) knowingly represent that any article has been inspected and passed, or exempted, under this Act when, in fact, it has, respectively, not been so inspected and passed, or exempted.”

SEC. 10. Section 10 of said Act (21 U.S.C. 459) is hereby amended by deleting the phrase “in or for marketing in a designated major consuming area” and substituting the phrase “otherwise subject to this Act”.

SEC. 11. Section 11 of said Act (21 U.S.C. 460) is hereby amended to read:

“(a) Inspection shall not be provided under this Act at any establishment for the slaughter of poultry or the processing of any carcasses or parts or products of poultry, which are not intended for use as human food, but such articles shall, prior to their offer for sale or transportation in commerce, unless naturally inedible by humans, be denatured or otherwise identified as prescribed by regulations of the Secretary to deter their use for human food. No person shall buy, sell, transport, or offer for sale or transportation, or receive for transportation, in commerce, or import, any poultry carcasses, or parts or products thereof which are not intended for use as human food unless they are denatured or otherwise identified as required by the regulations of the Secretary or are naturally inedible by humans.

“(b) The following classes of persons shall, for such period of time as the Secretary may by regulations prescribe, keep such records as will fully and correctly disclose all transactions involved in their businesses; and all persons subject to such requirements shall, at all reasonable times, upon notice by a duly authorized representative of the Secretary, afford such representative access to their places of business and opportunity to examine the facilities, inventory, and records thereof, to copy all such records, and to take reasonable samples of their inventory upon payment of the fair market value therefor—

"(1) Any person that engages in the business of slaughtering any poultry or processing, freezing, packaging, or labeling any carcasses, or parts or products of carcasses, of any poultry, for commerce, for use as human food or animal food;

"(2) Any person that engages in the business of buying or selling (as poultry products brokers, wholesalers, or otherwise), or transporting, in commerce, or storing in or for commerce, or importing, any carcasses, or parts or products of carcasses, of any poultry;

"(3) Any person that engages in business, in or for commerce, as a renderer, or engages in the business of buying, selling, or transporting, in commerce, or importing, any dead, dying, disabled, or diseased poultry or parts of the carcasses of any poultry that died otherwise than by slaughter.

"(c) No person shall engage in business, in or for commerce, as a poultry products broker, renderer, or animal food manufacturer, or engage in business in commerce as a wholesaler of any carcasses, or parts of products of the carcasses, of any poultry, whether intended for human food or other purposes, or engage in business as a public warehouseman storing any such articles in or for commerce, or engage in the business of buying, selling, or transporting in commerce, or importing, any dead, dying, disabled, or diseased poultry, or parts of the carcasses of any poultry that died otherwise than by slaughter, unless, when required by regulations of the Secretary, he has registered with the Secretary his name, and the address of each place of business at which, and all trade names under which, he conducts such business.

"(d) No person engaged in the business of buying, selling, or transporting in commerce, or importing, dead, dying, disabled, or diseased poultry, or any parts of the carcasses of any poultry that died otherwise than by slaughter, shall buy, sell, transport, offer for sale or transportation, or receive for transportation, in commerce, or import, any dead, dying, disabled, or diseased poultry or parts of the carcasses of any poultry that died otherwise than by slaughter, unless such transaction, transportation or importation is made in accordance with such regulations as the Secretary may prescribe to assure that such poultry, or the unwholesome parts or products thereof, will be prevented from being used for human food.

"(e) The authority conferred on the Secretary by paragraph (b), (c), or (d) of this section with respect to persons engaged in the specified kinds of business in or for commerce may be exercised with respect to persons engaged, in any State or organized territory, in such kinds of business but not in or for commerce, whenever the Secretary determines, after consultation with an appropriate advisory committee provided for in section 5 of this Act, that the State or territory does not have at least equal authority under its laws or such authority is not exercised in a manner to effectuate the purposes of this Act, including the State or territory providing for the Secretary or his representative being afforded access to such places of business and the facilities, inventories, and records thereof, and the taking of reasonable samples, where he determines necessary in carrying out his responsibilities under this Act; and in such case the provisions of paragraph (b), (c), or (d) of this section, respectively, shall apply to such persons to the same extent and in the same manner as if they were engaged in such business in or for commerce and the transactions involved were in commerce."

SEC. 12. Section 12 of said Act (21 U.S.C. 461) is hereby amended as follows:

(a) Paragraph (a) is amended by changing the first sentence to read: "Any person who violates the provisions of section 9, 10, 11, 14, or 17 of this Act shall be fined not more than \$1,000 or imprisoned not more than one year, or both; but if such violation involves intent to defraud, or any distribution or attempted distribution of an article that is adulterated (except as defined in section 4(g) (8) of this Act), such person shall be fined not more than \$10,000 or imprisoned not more than three years, or both."

(b) Paragraph (b) is amended by deleting the phrase "not otherwise eligible" and substituting the phrase "otherwise not eligible"; by deleting the word "slaughtered" each time it appears; and by adding the following before the period at the end of the paragraph: "or unless the carrier refuses to furnish on request of a representative of the Secretary the name and address of the person from whom he received such poultry or poultry products, and copies of all documents, if any there be, pertaining to the delivery of the poultry or poultry products to such carrier".

(c) A new paragraph (c) is added to read:

"(c) Any person who forcibly assaults, resists, opposes, impedes, intimidates, or interferes with any person while engaged in or on account of the performance

of his official duties under this Act shall be fined not more than \$5,000 or imprisoned not more than three years, or both. Whoever, in the commission of any such acts, use a deadly or dangerous weapon, shall be fined not more than \$10,000 or imprisoned not more than ten years, or both. Whoever kills any person while engaged in or on account of the performance of his official duties under this Act shall be punished as provided under sections 1111 and 1114 of title 18, United States Code."

SEC. 13. Section 14 of said Act (21 U.S.C. 463) is hereby amended by designating the present provisions thereof as paragraph (b); by inserting the word "other" before the word "rules" in said paragraph; and by adding a new paragraph (a) to read:

"(a) The Secretary may by regulations prescribe conditions under which poultry products capable of use as human food, shall be stored or otherwise handled by any person engaged in the business of buying, selling, freezing, storing, or transporting, in or for commerce, or importing, such articles, whenever the Secretary deems such action necessary to assure that such articles will not be adulterated or misbranded when delivered to the consumer. Violation of any such regulation is prohibited. However, such regulations shall not apply to the storage or handling of such articles at any retail store or other establishment in any State or organized territory that would be subject to this section only because of purchases in commerce, if the storage and handling of such articles at such establishment is regulated under the laws of the State or territory in which such establishment is located, in a manner which the Secretary, after consultation with the appropriate advisory committee provided for in section 5 of this Act, determines is adequate to effectuate the purposes of this section."

SEC. 14. Section 15 of said Act (21 U.S.C. 464) is hereby amended as follows:

(a) In paragraph (a), subparagraph (1) is deleted and subparagraphs (2), (3), and (4) are redesignated, respectively, as subparagraphs (1), (2), and (3);

(b) In paragraph (a), in redesignated subparagraph (2) (formerly (3)), the date "July 1, 1960" is deleted and the date "January 1, 1970" is substituted therefor;

(c) Paragraph (b) is redesignated as paragraph (e) and new paragraphs (b), (c), and (d) are added to read:

"(b) The Secretary may, under such sanitary conditions as he may by regulations prescribe, exempt from the inspection requirements of this Act the slaughter of poultry, and the processing of poultry products, by any person in any territory not organized with a legislative body, solely for distribution within such territory, when the Secretary determines that it is impracticable to provide such inspection within the limits of funds appropriated for administration of this Act and that such exemption will aid in the effective administration of this Act.

"(c) The provisions of this Act requiring inspection of the slaughter of poultry and the processing of poultry products at establishments conducting such operations for commerce shall not apply to the slaughtering by any person of poultry of his own raising, and the processing by him and transportation in commerce of the poultry products exclusively for use by him and members of his household and his nonpaying guests and employees: nor to the customs slaughter by any person of poultry delivered by the owner thereof for such slaughter, and the processing by such slaughterer and transportation in commerce of the poultry products exclusively for use, in the household of such owner, by him and members of his household and his nonpaying guests and employees: *Provided*, That such custom slaughterer does not engage in the business of buying or selling any poultry products capable of use as human food.

"(d) The adulteration and misbranding provision of this Act, other than the requirement of the inspection legend, shall apply to articles which are exempted from inspection or not required to be inspected under this section, except as otherwise specified under paragraph (a)."

SEC. 15. Section 16 of said Act (21 U.S.C. 465) is hereby amended to read:

"SEC. 16. The Secretary may limit the entry of poultry products and other materials into any official establishment, under such conditions as he may prescribe to assure that allowing the entry of such articles into such inspected establishments will be consistent with the purposes of this Act."

SEC. 16. Section 17 of said Act (21 U.S.C. 466) is hereby amended to read:

"SEC. 17. (a) No poultry products which are capable of use as human food shall be imported into the United States if such articles are adulterated or misbranded and unless they comply with all the inspection, building construction standards, and all other provisions of this Act and regulations issued thereunder

applicable to such articles in commerce within the United States. All such imported articles shall, upon entry into the United States, be deemed and treated as domestic articles subject to the other provisions of this Act and the Federal Food, Drug, and Cosmetic Act: *Provided*, That they shall be marked and labeled as required by such regulations for imported articles: *Provided further*, That nothing in this section shall apply to any individual who purchases poultry products outside the United States for his own consumption except that the total amount of such poultry products shall not exceed fifty pounds.

“(b) The Secretary may prescribe the terms and conditions for the destruction of all such articles which are imported contrary to this section, unless (1) they are exported by the consignee within the time fixed therefor by the Secretary, or (2) in the case of articles which are not in compliance with the Act solely because of misbranding, such articles are brought into compliance with the Act under supervision of authorized representatives of the Secretary.

“(c) All charges for storage, cartage, and labor with respect to any article which is imported contrary to this section shall be paid by the owner or consignee, and in default of such payment shall constitute a lien against such article and any other article thereafter imported under this Act by or for such owner or consignee.

“(d) The knowing importation of any article contrary to this section is prohibited.”

SEC. 17. Section 18 of said Act (21 U.S.C. 467) is hereby amended to read:

“SEC. 18. (a) The Secretary may (for such period, or indefinitely, as he deems necessary to effectuate the purposes of this Act) refuse to provide, or withdraw, inspection service under this Act with respect to any establishment if he determines, after opportunity for a hearing is accorded to the applicant for, or recipient of, such service, that such applicant or recipient is unfit to engage in any business requiring inspection under this Act because the applicant or recipient or anyone responsibly connected with the applicant or recipient, has been convicted, in any Federal or State court, within the previous ten years of (1) any felony or more than one misdemeanor under any law based upon the acquiring, handling, or distributing of adulterated, mislabeled, or deceptively packaged food or fraud in connection with transactions in food or (2) any felony, involving fraud, bribery, extortion, or any other act or circumstance indicating a lack of the integrity needed for the conduct of operations affecting the public health. For the purpose of this paragraph a person shall be deemed to be responsibly connected with the business if he was a partner, officer, director, holder, or owner of 10 per centum or more of its voting stock or employee in a managerial or executive capacity.

“(b) Upon the withdrawal of inspection service from any official establishment for failure to destroy condemned poultry products as required under section 6 of this Act, or other failure of an official establishment to comply with the requirements as to premises, facilities, or equipment, or the operation thereof, as provided in section 7 of this Act, or the refusal of inspection service to any applicant therefor because of failure to comply with any requirements under section 7, the applicant for, or recipient of, the service shall, upon request, be afforded opportunity for a hearing with respect to the merits or validity of such action; but such withdrawal or refusal shall continue in effect unless otherwise ordered by the Secretary.

“(c) The determination and order of the Secretary when made after opportunity for hearing, with respect to withdrawal or refusal of inspection service under this Act shall be final and conclusive unless the affected applicant for, or recipient of, inspection service files application for judicial review within thirty days after the effective date of such order in the United States Court of Appeals as provided in section 8 of this Act. Judicial review of any such order shall be upon the record upon which the determination and order are based. The provisions of section 204 of the Packers and Stockyards Act of 1921, as amended, shall be applicable to appeals taken under this section.”

SEC. 18. Sections 19 through 22 of said Act (21 U.S.C. 468, 469, 451 note) are hereby redesignated as sections 25 through 28, respectively, and new sections 19, 20, 21, 22, 23, and 24 are added to the Act to read, respectively:

“SEC. 19. Whenever any poultry product, or any product exempted from the definition of a poultry product, or any dead, dying, disabled, or diseased poultry is found by any authorized representative of the Secretary upon any premises where it is held for purposes of, or during or after distribution in, commerce or

otherwise subject to this Act, and there is reason to believe that any such articles is adulterated or misbranded and is capable of use as human food, or that it has not been inspected, in violation of the provisions of this Act or of any other Federal law or the laws of any State or territory, or the District of Columbia or that it has been or is intended to be, distributed in violation of any such provisions, it may be detained by such representative for a period not to exceed twenty days, pending action under section 20 of this Act or notification of any Federal, State, or other governmental authorities having jurisdiction over such article or poultry, and shall not be moved by any person, from the place at which it is located when so detained, until released by such representative. All official marks may be required by such representative to be removed from such article or poultry before it is released unless it appears to the satisfaction of the Secretary that the article or poultry is eligible to retain such marks.

"SEC. 20. (a) Any poultry product, or any dead, dying, disabled, or diseased poultry, that is being transported in commerce or is held for sale in the United States after such transportation, and that (1) is or has been processed, sold, transported, or otherwise distributed or offered or received for distribution in violation of this Act, or (2) is capable of use as human food and is adulterated or misbranded, or (3) in any other way is in violation of this Act, shall be liable to be proceeded against and seized and condemned, at any time, on a libel of information in any United States district court or other proper court as provided in section 21 of this Act within the jurisdiction of which the article or poultry is found. If the article or poultry is condemned it shall, after entry of the decree, be disposed of by destruction or sale as the court may direct and the proceeds, if sold, less the court costs and fees, and storage and other proper expenses, shall be paid into the Treasury of the United States, but the article or poultry shall not be sold contrary to the provisions of this Act, or the laws of the jurisdiction in which it is sold: *Provided*, That upon the execution and delivery of a good and sufficient bond conditioned that the article or poultry shall not be sold or otherwise disposed of contrary to the provisions of this Act, or the laws of the jurisdiction in which disposal is made, the court may direct that such article or poultry be delivered to the owner thereof subject to such supervision by authorized representatives of the Secretary as is necessary to insure compliance with applicable laws. When a decree of condemnation is entered against the article or poultry and it is released under bond, or destroyed, court costs and fees, and storage and other proper expenses shall be awarded against the person, if any, intervening as claimant of the article or poultry. The proceedings in such libel cases shall conform, as nearly as may be, to the proceedings in admiralty, except that either party may demand trial by jury of any issue of fact joined in any case, and all such proceedings shall be at the suit of and in the name of the United States.

"(b) The provisions of this section shall in no way derogate from authority for condemnation or seizure conferred by other provisions of this Act, or other laws.

"SEC. 21. The United States district courts, the District Court of Guam, the District Court of the Virgin Islands, the highest court of American Samoa, and the United States courts of the other territories, are vested with jurisdiction specifically to enforce, and to prevent and restrain violations of, this Act, and shall have jurisdiction in all other kinds of cases arising under this Act, except as provided in section 8(d) or 18 of this Act. All proceedings for the enforcement or to restrain violations of this Act shall be by and in the name of the United States. Subpenas for witnesses who are required to attend a court of the United States, in any district, may run into any other district in any such proceeding.

"SEC. 22. For the efficient administration and enforcement of this Act, the provisions (including penalties) of sections 6, 8, 9, and 10 of the Federal Trade Commission Act, as amended (38 Stat. 721-723, as amended; 15 U.S.C. 46, 48, 49, and 50) (except paragraphs (c) through (h) of section 6 and the last paragraph of section 9), and the provisions of subsection 409(1) of the Communications Act of 1934) 48 Stat. 1096, as amended; 47 U.S.C. 409(1)), are made applicable to the jurisdiction, powers, and duties of the Secretary in administering and enforcing the provisions of this Act and to any person with respect to whom such authority is exercised. The Secretary, in person or by such agents as he may designate, may prosecute any inquiry necessary to his duties under this Act in any part of the United States, and the powers conferred by said sections 9 and

10 of the Federal Trade Commission Act as amended on the district courts of the United States may be exercised for the purposes of this Act by any court designated in section 21 of this Act.

"SEC. 23. Requirements within the scope of this Act with respect to premises, facilities and operations of any official establishment, which are in addition to, or different than those made under this Act may not be imposed by any State or territory or the District of Columbia, except that any such jurisdiction may impose recordkeeping and other requirements within the scope of paragraph (b) of section 11 of this Act, if consistent therewith, with respect to any such establishment. Marking, labeling, packaging, or ingredient requirements in addition to, or different than, those made under this Act may not be imposed by any State or territory or the District of Columbia with respect to articles prepared at any official establishment in accordance with the requirements under this Act, but any State or territory or the District of Columbia may, consistent with the requirements under this Act, exercise concurrent jurisdiction with the Secretary over articles required to be inspected under this Act, for the purpose of preventing the distribution for human food purposes of any such articles which are adulterated or misbranded and are outside of such an establishment, or, in the case of imported articles which are not at such an establishment, after their entry into the United States. This Act shall not preclude any State or territory or the District of Columbia from making requirement or taking other action, consistent with this Act, with respect to any matters regulated under this Act.

"SEC. 24. (a) Poultry and poultry products shall be exempt from the provisions of the Federal Food, Drug, and Cosmetic Act to the extent of the application or extension thereto of the provisions of this Act, except that the provisions of this Act shall not derogate from any authority conferred by the Federal Food, Drug, and Cosmetic Act prior to enactment of the Wholesome Poultry Products Act.

"(b) The detainer authority conferred by section 19 of this Act shall apply to any authorized representative of the Secretary of Health, Education, and Welfare for purposes of the enforcement of the Federal Food, Drug, and Cosmetic Act with respect to any poultry carcass, or part or product thereof, that is outside any official establishment, and for such purposes the first reference to the Secretary in section 19 shall be deemed to refer to the Secretary of Health, Education, and Welfare."

SEC. 19. The heading "Designation" preceding section 5 of said Act is hereby amended to read "Federal and State cooperation"; the heading "Labeling" preceding section 8 of said Act is hereby amended to read "Labeling and containers; standards"; the heading "Records of interstate shipment" preceding section 11 of said Act is hereby amended to read "Articles not intended for human food; record and relate requirements for processors of poultry products and related industries engaged in commerce; registration requirements for related industries engaged in commerce; regulation of transactions in commerce in dead, dying, disabled, or diseased poultry and carcasses thereof; authority to regulate comparable intrastate activities"; and the heading "Violations by exempted persons" preceding section 16 of said Act is hereby amended to read "Entry of materials into official establishments."

SEC. 20. If any provisions of this Act or of the amendments made hereby or the application thereof to any person or circumstances is held invalid, the validity of the remainder of the Act and the remaining amendments and of the application of such provision to other persons and circumstances shall not be affected thereby.

SEC. 21. This Act shall become effective upon enactment except as provided in paragraphs (a) through (c) :

(a) The provisions of subparagraphs (a) (2) (A) and (a) (3) of section 9 of the Poultry Products Inspection Act and the provisions of section 17 of said Act, as amended by sections 9 and 16 of this Act, shall become effective upon the expiration of sixty days after enactment hereof.

(b) Section 14 of this Act, amending section 15 of the Poultry Products Inspection Act, shall become effective upon the expiration of sixty days after enactment hereof.

(c) Paragraph 11(d) of the Poultry Products Inspection Act, as added by section 11 of this Act, shall become effective upon the expiration of sixty days after enactment hereof.

WHOLESOME POULTRY PRODUCTS ACT

PLEASE RETURN TO USDA
NATIONAL AGRICULTURAL LIBRARY
LAW BRANCH, LEGISLATIVE REPORTING
Rm. 117-E, Admin Bldg.
Wash. D. C. Ext. 4654

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HEARINGS

BEFORE A

SUBCOMMITTEE OF THE COMMITTEE ON AGRICULTURE AND FORESTRY UNITED STATES SENATE

NINETIETH CONGRESS

SECOND SESSION

ON

S. 2846, S. 2932, S. 3383 (Title I)
and H.R. 16363

BILLS TO CLARIFY AND OTHERWISE AMEND THE POULTRY
PRODUCTS INSPECTION ACT, TO PROVIDE FOR COOPERA-
TION WITH APPROPRIATE STATE AGENCIES WITH RESPECT
TO STATE POULTRY PRODUCTS INSPECTION PROGRAMS,
AND FOR OTHER PURPOSES

JULY 1 AND 2, 1968

Printed for the use of the Committee on Agriculture and Forestry



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WHOLESOME POULTRY PRODUCTS ACT

MONDAY, JULY 1, 1968

U.S. SENATE,
SUBCOMMITTEE ON AGRICULTURAL RESEARCH
AND GENERAL LEGISLATION OF THE
COMMITTEE ON AGRICULTURE AND FORESTRY,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10:05 a.m., in room 324, Old Senate Office Building, Senator B. Everett Jordan of North Carolina presiding.

Present: Senator Jordan of North Carolina.

Senator JORDAN. The subcommittee will please come to order.

The subcommittee is conducting hearings today on H.R. 16363, S. 2932, S. 2846, and title I of S. 3383, all of which amend the Poultry Products Inspection Act to provide for inspection of poultry which does not move across a State line.

H.R. 16363 and S. 2932 follow the pattern set by the Wholesome Meat Act last year. Assistance would be furnished to State programs, or if State programs at least equal to the Federal program were not developed, Federal inspection would be extended to the States.

S. 2846 would extend Federal inspection to all poultry without regard to State programs.

Title I of S. 3383 would extend Federal inspection to all poultry, subject to subsequent exemption of any States which developed programs at least equal to the Federal program.

H.R. 16363, S. 2932, and S. 3383 revise the Poultry Products Inspection Act in many other respects.

Copies of H.R. 16363, S. 2932, S. 2846, title I of S. 3383, a staff explanation of them, the departmental report on S. 2846, the letter from the Department of Agriculture recommending introduction of S. 2932, and two amendments intended to be proposed by Senator Montoya to S. 2932 will be inserted in the record at this point.

(The documents referred to follow:)

S. 2846

[90th Cong., 2d Sess.]

A BILL

To amend the Poultry Products Inspection Act so as to provide for the Federal inspection of all poultry and poultry products intended for human consumption.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the Poultry Products Inspec-
4 tion Act Amendments of 1968.

5 SEC. 2. The Poultry Products Inspection Act (71 Stat.
6 441; 21 U.S.C. 451-469) is amended as follows:

7 (1) Section 2 is amended by striking out the last sen-
8 tence of the first paragraph and all of the second paragraph
9 and inserting in lieu thereof the following: "That part which

1 does not enter directly into the current of interstate or foreign
2 commerce directly burdens, obstructs, or affects that part
3 which does enter directly into the current of interstate or
4 foreign commerce. Poultry and poultry products which do
5 enter into the channels of interstate or foreign commerce can-
6 not be effectively inspected and regulated without also in-
7 specting and regulating poultry and poultry products which
8 do not. In order to protect interstate commerce in poultry and
9 poultry products inspected for wholesomeness, from being
10 adversely burdened, obstructed, or affected by uninspected
11 poultry and poultry products processed and distributed
12 wholly within any State, it is necessary to inspect under this
13 Act all poultry and poultry products intended for human
14 consumption.”

15 (2) Section 3 is amended to read as follows:

16 “SEC. 3. It is hereby declared to be the policy of Con-
17 gress to provide for the inspection of poultry and poultry
18 products by the inspection service as herein provided in
19 order to prevent poultry or poultry products which are
20 unwholesome, adulterated, or otherwise unfit for human food
21 from moving in or adversely burdening, obstructing, or affect-
22 ing interstate or foreign commerce.”

23 (3) Section 5 is hereby repealed.

24 (4) Section 6 (a) is amended to read as follows:

25 “(a) In order to prevent any poultry or poultry product

1 which is unwholesome or adulterated from entering into or
2 from adversely burdening, obstructing, or affecting com-
3 merce, the Secretary shall, where and to the extent con-
4 sidered by him necessary, cause to be made by inspectors
5 ante mortem inspection of poultry in any official establish-
6 ment which processes poultry or poultry products for human
7 consumption."

8 (5) Section 6 (b) is amended by striking out "proc-
9 essing such poultry or poultry products for commerce or in,
10 or for marketing in a designated city or area" and inserting
11 in lieu thereof "which processes such poultry or poultry
12 products for human consumption".

13 (6) Section 7 (a) is amended to read as follows:

14 "(a) In order to prevent unwholesome or adulterated
15 poultry products from entering into, moving in, or adversely
16 burdening, obstructing, or affecting commerce, each official
17 establishment slaughtering poultry or processing poultry
18 products for human consumption shall have such premises,
19 facilities, and equipment, and be operated in accordance with
20 such sanitary practices, as are required by regulations pro-
21 mulgated by the Secretary."

22 (7) Section 9 (a) is amended by striking out "in com-
23 merce or in a designated major consuming area of any
24 poultry product," and inserting in lieu thereof "of any
25 poultry product intended for human consumption,".

1 (8) Section 9 (d) is amended to read as follows:

2 “(d) Using a false or misleading label on any poultry
3 product.”

4 (9) Section 9 (f) is amended by striking out “for com-
5 merce, or in or for marketing in a designated major consum-
6 ing area” and inserting in lieu thereof “for human
7 consumption.”

8 (10) Section 9 (i) is amended by striking out “in com-
9 merce or from an official establishment or in a designated
10 major consuming area,”.

11 (11) Section 10 is amended to read as follows:

12 “SEC. 10. No establishment processing poultry or poul-
13 try products for human consumption shall process any
14 poultry or poultry product except in compliance with the
15 requirements of this Act.”

16 (12) Section 11 is amended by striking out in the first
17 sentence “in commerce or in a designated major consuming
18 area,” and inserting in lieu thereof “intended for human
19 consumption,”.

20 (13) The heading of section 11 is amended to read as
21 follows: “Records of Shipment”.

22 (14) Section 16 is amended by striking out “in com-
23 merce or in a designated major consuming area”.

24 SEC. 3. The amendments made by this Act shall become
25 effective one hundred and eighty days after the date of enact-
26 ment of this Act.

DEPARTMENT OF AGRICULTURE,
Washington, D.C., June 28, 1968.

HON. ALLEN J. ELLENDER,
Chairman, Committee on Agriculture and Forestry,
U.S. Senate.

DEAR MR. CHAIRMAN: This is in reply to your letter of January 23, 1968, requesting a report on S. 2846, a Bill "To amend the Poultry Products Inspection Act so as to provide for Federal inspection of all poultry and poultry products intended for human consumption."

The Department does not recommend passage of this bill.

The bill would extend Federal inspection of poultry and poultry products to virtually all poultry slaughtering and processing plants not now under Federal inspection. The bill does not authorize the Secretary to enter into cooperative agreements to assist the States in developing and administering their own poultry products inspection program. Neither does it cover other operations which could introduce dead, dying, disabled, or diseased poultry, or other adulterated or misbranded poultry carcasses or the meat therefrom into the food supply. Although the volume of poultry produce and poultry byproducts from this type of operation is limited, it is a potentially serious threat to the health of consumers, and may affect the acceptance by American housewives of wholesome poultry products.

This Department recently submitted to the Congress proposed legislation to amend the Poultry Products Inspection Act. This proposal includes provisions for cooperation with the States and regulation of the other plants mentioned above. Additionally, the administration proposal, introduced as S. 2932 would correct other deficiencies in existing legislation and would result in greater protection for consumers than would be provided by this bill. The House passed a similar bill H.R. 16363 on June 13, 1968.

The Bureau of the Budget advises there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely yours,

ORVILLE L. FREEMAN,
Secretary.

S. 2932

[90th Cong., 2d Sess.]

A BILL

To clarify and otherwise amend the Poultry Products Inspection Act, to provide for cooperation with appropriate State agencies with respect to State poultry products inspection programs, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Wholesome Poultry
4 Products Act".

5 SEC. 2. Section 2 of the Poultry Products Inspection
6 Act (71 Stat. 441, as amended; 21 U.S.C. 451) is hereby
7 amended to read:

8 "SEC. 2. Poultry and poultry products are an important
9 source of the Nation's total supply of food. They are con-

1 sumed throughout the Nation and the major portion thereof
2 moves in interstate or foreign commerce. It is essential in
3 the public interest that the health and welfare of consumers
4 be protected by assuring that poultry products distributed to
5 them are wholesome, not adulterated, and properly marked,
6 labeled, and packaged. Unwholesome, adulterated, or mis-
7 branded poultry products impair the effective regulation of
8 poultry products in interstate or foreign commerce, are in-
9 jurious to the public welfare, destroy markets for wholesome,
10 not adulterated, and properly labeled and packaged poultry
11 products, and result in sundry losses to poultry producers and
12 processors of poultry and poultry products, as well as injury
13 to consumers. The unwholesome, adulterated, mislabeled, or
14 deceptively packaged articles can be sold at lower prices and
15 complete unfairly with the wholesome, not adulterated, and
16 properly labeled and packaged articles, to the detriment of
17 consumers and the public generally. It is hereby found that
18 all articles and poultry which are regulated under this Act
19 are either in interstate or foreign commerce or substantially
20 affect such commerce, and that regulation by the Secretary
21 of Agriculture and cooperation by the States and other juris-
22 dictions as contemplated by this Act are appropriate to pre-
23 vent and eliminate burdens upon such commerce, to effec-
24 tively regulate such commerce, and to protect the health and
25 welfare of consumers."

1 SEC. 3. Section 3 of said Act (21 U.S.C. 452) is hereby
2 amended to read:

3 “SEC. 3. It is hereby declared to be the policy of the Con-
4 gress to provide for the inspection of poultry and poultry
5 products and otherwise regulate the processing and distribu-
6 tion of such articles as hereinafter prescribed to prevent the
7 movement or sale in interstate or foreign commerce of, or
8 the burdening of such commerce by poultry products which
9 are adulterated or misbranded.”

10 SEC. 4. Section 4 of said Act (21 U.S.C. 453) is hereby
11 amended to read: “For purposes of this Act—

12 “(a) The term ‘commerce’ means commerce between
13 any State, any territory, or the District of Columbia, and
14 any place outside thereof; or within any territory not orga-
15 nized with a legislative body, or the District of Columbia.

16 “(b) Except as otherwise provided in this Act, the term
17 ‘State’ means any State of the United States and the Com-
18 monwealth of Puerto Rico.

19 “(c) The term ‘territory’ means Guam, the Virgin Is-
20 lands of the United States, American Samoa, and any other
21 territory or possession of the United States, excluding the
22 Canal Zone.

23 “(d) The term ‘United States’ means the States, the
24 District of Columbia, and the territories of the United States.

1 “(e) The term ‘poultry’ means any domesticated bird,
2 whether live or dead.

3 “(f) The term ‘poultry product’ means any poultry car-
4 cass, or part thereof; or any product which is made wholly or
5 in part from any poultry carcass or part thereof, excepting
6 products which contain poultry ingredients only in a rela-
7 tively small proportion or historically have not been consid-
8 ered by consumers as products of the poultry food industry,
9 and which are exempted by the Secretary from definition
10 as a poultry product under such conditions as the Secretary
11 may prescribe to assure that the poultry ingredients in such
12 products are not adulterated and that such products are not
13 represented as poultry products.

14 “(g) The term ‘adulterated’ shall apply to any poultry
15 product under one or more of the following circumstances:

16 “(1) if it bears or contains any poisonous or dele-
17 terious substance which may render it injurious to
18 health; but in case the substance is not an added sub-
19 stance, such article shall not be considered adulterated
20 under this clause if the quantity of such substance in or
21 on such article does not ordinarily render it injurious to
22 health;

23 “(2) (A) if it bears or contains (by reason of ad-
24 ministration of any substance to the live poultry or other-
25 wise) any added poisonous or added deleterious sub-

5

1 stance (other than one which is (i) a pesticide chemical
2 in or on a raw agricultural commodity; (ii) a food ad-
3 ditive; or (iii) a color additive) which may, in the
4 judgment of the Secretary, make such article unfit for
5 human food;

6 “(B) if it is, in whole or in part, a raw agricultural
7 commodity and such commodity bears or contains a
8 pesticide chemical which is unsafe within the meaning
9 of section 408 of the Federal Food, Drug, and Cosmetic
10 Act;

11 “(C) if it bears or contains any food additive which
12 is unsafe within the meaning of section 409 of the Fed-
13 eral Food, Drug, and Cosmetic Act;

14 “(D) if it bears or contains any color additive
15 which is unsafe within the meaning of section 706 of
16 the Federal Food, Drug, and Cosmetic Act: *Provided*,
17 That an article which is not otherwise deemed adulter-
18 ated under clause (B), (C), or (D) shall nevertheless
19 be deemed adulterated if use of the pesticide chemical,
20 food additive, or color additive in or on such article is
21 prohibited by regulations of the Secretary in official
22 establishments;

23 “(3) if it consists in whole or in part of any filthy,
24 putrid, or decomposed substance or is for any other rea-

1 son unsound, unhealthful, unwholesome, or otherwise
2 unfit for human food;

3 “(4) if it has been prepared, packed, or held under
4 insanitary conditions whereby it may have become con-
5 taminated with filth, or whereby it may have been ren-
6 dered injurious to health;

7 “(5) if it is, in whole or in part, the product of any
8 poultry which has died otherwise than by slaughter;

9 “(6) if its container is composed, in whole or in
10 part, of any poisonous or deleterious substance which
11 may render the contents injurious to health;

12 “(7) if it has been intentionally subjected to radia-
13 tion, unless the use of the radiation was in conformity
14 with a regulation or exemption in effect pursuant to sec-
15 tion 409 of the Federal Food, Drug, and Cosmetic
16 Act; or

17 “(8) if any valuable constituent has been in whole
18 or in part omitted or abstracted therefrom; or if any sub-
19 stance has been substituted, wholly or in part therefor;
20 or if damage or inferiority has been concealed in any
21 manner; or if any substance has been added thereto or
22 mixed or packed therewith so as to increase its bulk or
23 weight, or reduce its quality or strength, or make it
24 appear better or of greater value than it is.

1 “(h) The term ‘misbranded’ shall apply to any poultry
2 product under one or more of the following circumstances:

3 “(1) if its labeling is false or misleading in any
4 particular;

5 “(2) if it is offered for sale under the name of an-
6 other food;

7 “(3) if it is an imitation of another food, unless its
8 label bears, in type of uniform size and prominence, the
9 word ‘imitation’ and immediately thereafter, the name
10 of the food imitated;

11 “(4) if its container is so made, formed, or filled as
12 to be misleading;

13 “(5) unless it bears a label showing (A) the name
14 and the place of business of the manufacturer, packer,
15 or distributor; and (B) an accurate statement of the
16 quantity of the product in terms of weight, measure, or
17 numerical count: *Provided*, That under clause (B) of
18 this subparagraph (5), reasonable variations may be
19 permitted, and exemptions as to small packages or
20 articles not in packages or other containers may be estab-
21 lished by regulations prescribed by the Secretary;

22 “(6) if any word, statement, or other information
23 required by or under authority of this Act to appear on
24 the label or other labeling is not prominently placed

1 thereon with such conspicuousness (as compared with
2 other words, statements, designs, or devices, in the
3 labeling) and in such terms as to render it likely to be
4 read and understood by the ordinary individual under
5 customary conditions of purchase and use;

6 “(7) if it purports to be or is represented as a food
7 for which a definition and standard of identity or compo-
8 sition has been prescribed by regulations of the Secre-
9 tary under section 8 of this Act unless (A) it conforms
10 to such definition and standard, and (B) its label bears
11 the name of the food specified in the definition and stand-
12 ard and, insofar as may be required by such regulations,
13 the common names of optional ingredients (other than
14 spices, flavoring, and coloring) present in such food;

15 “(8) if it purports to be or is represented as a food
16 for which a standard or standards of fill of container have
17 been prescribed by regulations of the Secretary under
18 section 8 of this Act, and it falls below the standard of
19 fill of container applicable thereto, unless its label bears,
20 in such manner and form as such regulations specify, a
21 statement that it falls below such standard;

22 “(9) if it is not subject to the provisions of subpara-
23 graph (7), unless its label bears (A) the common or
24 usual name of the food, if any there be, and (B) in case
25 it is fabricated from two or more ingredients, the com-

mon or usual name of each such ingredient; except that spices, flavorings, and colorings may, when authorized by the Secretary, be designated as spices, flavorings, and colorings without naming each: *Provided*, That to the extent that compliance with the requirements of clause (B) of this subparagraph (9) is impracticable or results in deception or unfair competition, exemptions shall be established by regulations promulgated by the Secretary;

“(10) if it purports to be or is represented for special dietary uses unless its label bears such information concerning its vitamin, mineral, and other dietary properties as the Secretary, after consultation with the Secretary of Health, Education, and Welfare, determines to be, and by regulations prescribes as, necessary in order fully to inform purchasers as to its value for such uses;

“(11) if it bears or contains any artificial flavoring, artificial coloring, or chemical preservative, unless it bears labeling stating that fact: *Provided*, That, to the extent that compliance with the requirements of this subparagraph (11) is impracticable, exemptions shall be established by regulations promulgated by the Secretary; or

“(12) if it fails to bear, directly thereon and on its

1 containers, as the Secretary may by regulations pre-
2 scribe, the official inspection legend and official estab-
3 lishment number of the establishment where the article
4 was processed, and, unrestricted by any of the fore-
5 going, such other information as the Secretary may
6 require in such regulations to assure that it will not have
7 false or misleading labeling and that the public will be
8 informed of the manner of handling required to main-
9 tain the article in a wholesome condition.

10 “(i) The term ‘Secretary’ means the Secretary of Agri-
11 culture or his delegate.

12 “(j) The term ‘person’ means any individual, partner-
13 ship, corporation, association, or other business unit.

14 “(k) The term ‘inspector’ means: (1) an employee or
15 official of the United States Government authorized by the
16 Secretary to inspect poultry and poultry products under the
17 authority of this Act, or (2) any employee or official of the
18 government of any State or territory or the District of
19 Columbia authorized by the Secretary to inspect poultry and
20 poultry products under authority of this Act, under an agree-
21 ment entered into between the Secretary and the appropriate
22 State or other agency.

23 “(l) The term ‘official mark’ means the official inspec-
24 tion legend or any other symbol prescribed by regulations of

1 the Secretary to identify the status of any article or poultry
2 under this Act.

3 “(m) The term ‘official inspection legend’ means any
4 symbol prescribed by regulations of the Secretary showing
5 that an article was inspected and passed in accordance with
6 this Act, including any combined State-Federal official in-
7 spection legend prescribed by the Secretary under subpara-
8 graph 5 (c) (5) of this Act.

9 “(n) The term ‘official certificate’ means any certificate
10 prescribed by regulations of the Secretary for issuance by an
11 inspector or other person performing official functions under
12 this Act.

13 “(o) The term ‘official device’ means any device pre-
14 scribed or authorized by the Secretary for use in applying
15 any official mark.

16 “(p) The term ‘official establishment’ means any estab-
17 lishment as determined by the Secretary at which inspection
18 of the slaughter of poultry, or the processing of poultry prod-
19 ucts, is maintained under the authority of this Act.

20 “(q) The term ‘inspection service’ means the official
21 Government service within the Department of Agriculture
22 designated by the Secretary as having the responsibility for
23 carrying out the provisions of this Act.

1 “(r) The term ‘container’ or ‘package’ includes any box,
2 can, tin, cloth, plastic, or other receptacle, wrapper, or cover.

3 “(s) The term ‘label’ means a display of written,
4 printed, or graphic matter upon any article or the immediate
5 container (not including package liners) of any article; and
6 the term ‘labeling’ means all labels and other written,
7 printed, or graphic matter (1) upon any article or any of
8 its containers or wrappers, or (2) accompanying such
9 article.

10 “(t) The term ‘shipping container’ means any container
11 used or intended for use in packaging the product packed in
12 an immediate container.

13 “(u) The term ‘immediate container’ includes any con-
14 sumer package; or any other container in which poultry
15 products, not consumer packaged, are packed.

16 “(v) The term ‘capable of use as human food’ shall
17 apply to any carcass, or part or product of a carcass, of any
18 poultry, unless it is denatured or otherwise identified as re-
19 quired by regulations prescribed by the Secretary to deter its
20 use as human food, or it is naturally inedible by humans.

21 “(w) The term ‘processed’ means slaughtered, canned,
22 salted, stuffed, rendered, boned, cut up, or otherwise manu-
23 factured or processed.

24 “(x) The term ‘Federal Food, Drug, and Cosmetic
25 Act’ means the Act so entitled, approved June 25, 1938

1 (52 Stat. 1040), and Acts amendatory thereof or supple-
2 mentary thereto.

3 “(y) The terms ‘pesticide chemical’, ‘food additive’,
4 ‘color additive’, and ‘raw agricultural commodity’ shall have
5 the same meanings for purposes of this Act as under the
6 Federal Food, Drug, and Cosmetic Act.

7 “(z) The term ‘poultry products broker’ means any
8 person engaged in the business of buying or selling poultry
9 products on commission, or otherwise negotiating purchases
10 or sales of such articles other than for his own account or as
11 an employee of another person.

12 “(aa) The term ‘renderer’ means any person engaged
13 in the business of rendering carcasses, or parts or products
14 of the carcasses, of poultry, except rendering conducted
15 under inspection or exemption under this Act.

16 “(bb) The term ‘animal food manufacturer’ means any
17 person engaged in the business of manufacturing or process-
18 ing animal food derived wholly or in part from carcasses, or
19 parts or products of the carcasses, of poultry.”

20 SEC. 5. Section 5 of said Act (21 U.S.C. 454) is hereby
21 amended to read:

22 “SEC. 5. (a) It is the policy of the Congress to protect
23 the consuming public from poultry products that are adulter-
24 ated or misbranded and to assist in efforts by State and other

1 Government agencies to accomplish this objective. In fur-
2 therance of this policy—

3 “(1) The Secretary is authorized, whenever he
4 determines that it would effectuate the purposes of this
5 Act, to cooperate with the appropriate State agency in
6 developing and administering a State poultry product
7 inspection program in any State which has enacted a
8 State poultry product inspection law that imposes ante-
9 mortem and post-mortem inspection, reinspection and
10 sanitation requirements that are at least equal to those
11 under this Act, with respect to all or certain classes of
12 persons engaged in the State in slaughtering poultry or
13 processing poultry products for use as human food solely
14 for distribution within such State.

15 “(2) The Secretary is further authorized, whenever
16 he determines that it would effectuate the purposes of
17 this Act, to cooperate with appropriate State agencies
18 in developing and administering State programs under
19 State laws containing authorities at least equal to those
20 provided in section 11 of this Act; and to cooperate with
21 other agencies of the United States in carrying out any
22 provisions of this Act. In carrying out the provisions of
23 this Act, the Secretary may conduct such examinations,
24 investigations, and inspections as he determines practi-
25 cable through any officer or employee of any State or

1 Territory or the District of Columbia commissioned by
2 the Secretary for such purpose.

3 “(3) Cooperation with State agencies under this
4 section may include furnishing to the appropriate State
5 agency (i) advisory assistance in planning and otherwise
6 developing an adequate State program under the State
7 law; and (ii) technical and laboratory assistance and
8 training (including necessary curricular and instruc-
9 tional materials and equipment), and financial and other
10 aid for administration of such a program. The amount
11 to be contributed to any State by the Secretary under
12 this section from Federal funds for any year shall not
13 exceed 50 per centum of the estimated total cost of the
14 cooperative program; and the Federal funds shall be
15 allocated among the States desiring to cooperate on an
16 equitable basis. Such cooperation and payment shall be
17 contingent at all times upon the administration of the
18 State program in a manner which the Secretary, in con-
19 sultation with the appropriate advisory committee ap-
20 pointed under subparagraph (4), deems adequate to
21 effectuate the purposes of this section.

22 “(4) The Secretary may appoint advisory commit-
23 tees consisting of such representatives of appropriate
24 State agencies as the Secretary and the State agencies
25 may designate to consult with him concerning State

1 and Federal programs with respect to poultry product in-
2 spection and other matters within the scope of this Act,
3 including evaluating State programs for purposes of this
4 Act and obtaining better coordination and more uni-
5 formity among the State programs and between the Fed-
6 eral and State programs and adequate protection of
7 consumers.

8 “(b) The appropriate State agency with which the
9 Secretary may cooperate under this Act shall be a single
10 agency in the State which is primarily responsible for the
11 coordination of the State programs having objectives similar
12 to those under this Act. When the State program includes
13 performance of certain functions by a municipality or other
14 subordinate governmental unit, such unit shall be deemed to
15 be a part of the State agency for purposes of this section.

16 “(c) (1) If the Secretary has reason to believe, by
17 thirty days prior to the expiration of two years after enact-
18 ment of the Wholesome Poultry Products Act, that a State
19 has failed to develop or is not enforcing, with respect to all
20 establishments within its jurisdiction (except those that
21 would be exempted from Federal inspection under subpara-
22 graph (2) of this paragraph (c)) at which poultry are
23 slaughtered, or poultry products are processed for use as
24 human food, solely for distribution within such State, and the
25 products of such establishments, requirements at least equal

1 to those imposed under sections 1-4, 6-10, and 12-22 of this
2 Act, he shall promptly notify the Governor of the State of
3 this fact. If the Secretary determines, after consultation with
4 the Governor of the State, or representative selected by him,
5 that such requirements have not been developed and acti-
6 vated, he shall promptly after the expiration of such two-
7 year period designate such State as one in which the provi-
8 sions of said sections of this Act shall apply to operations
9 and transactions wholly within such State: *Provided*, That if
10 the Secretary has reason to believe that the State will acti-
11 vate such requirements within one additional year, he may
12 delay such designation for said period, and not designate the
13 State, if he determines at the end of the year that the State
14 then has such requirements in effective operation. The Secre-
15 tary shall publish any such designation in the Federal Regis-
16 ter and, upon the expiration of thirty days after such publi-
17 cation, the provisions of said sections of this Act shall apply
18 to operations and transactions and to persons engaged there-
19 in in the State to the same extent and in the same manner
20 as if such operations and transactions were conducted in or
21 for commerce. However, notwithstanding any other provi-
22 sion of this section, if the Secretary determines that any
23 establishment within a State is producing adulterated poul-
24 try products for distribntion within such State which would

1 clearly endanger the public health he shall notify the Gover-
2 nor of the State and the appropriate advisory committee
3 provided for by subparagraph (a) (4) of this section of such
4 fact for effective action under State or local law. If the State
5 does not take action to prevent such endangering of the
6 public health within a reasonable time after such notice, as
7 determined by the Secretary, in light of the risk to public
8 health, the Secretary may forthwith designate any such
9 establishment as subject to the provisions of said sections of
10 this Act, and thereupon the establishment and operator
11 thereof shall be subject to such provisions as though engaged
12 in commerce until such time as the Secretary determines that
13 such State has developed and will enforce requirements at
14 least equal to those imposed under said sections.

15 “(2) The provisions of this Act requiring inspection of
16 the slaughter of poultry and the processing of poultry prod-
17 ucts shall not apply to operations of types traditionally and
18 usually conducted at retail stores and restaurants, when con-
19 ducted at any retail store or restaurant or similar retail-type
20 establishment for sale in normal retail quantities or service
21 of such articles to consumers at such establishments if such
22 establishments are subject to such inspection provisions only
23 under this paragraph (c).

24 “(3) Whenever the Secretary determines that any State
25 designated under this paragraph (c) has developed and will

1 enforce State poultry products inspection requirements at
2 least equal to those imposed under the aforesaid sections of
3 this Act, with respect to the operations and transactions
4 within such State which are regulated under subparagraph
5 (1) of this paragraph (c), he shall terminate the designation
6 of such State under this paragraph (c), but this shall not
7 preclude the subsequent redesignation of the State at any
8 time upon thirty days' notice to the Governor and publication
9 in the Federal Register in accordance with this paragraph,
10 and any State may be designated upon such notice and
11 publication, at any time after the period specified in this
12 paragraph whether or not the State has theretofore been
13 designated, upon the Secretary determining that it is not
14 effectively enforcing requirements at least equal to those
15 imposed under said sections.

16 “(4) The Secretary shall promptly upon enactment of
17 the Wholesome Poultry Products Act, and periodically
18 thereafter, review the requirements, including the enforce-
19 ment thereof, of the several States not designated under this
20 paragraph (c), with respect to the slaughter, and the proc-
21 essing, storage, handling, and distribution of poultry prod-
22 ucts, and inspection of such operations.

23 “(5) Poultry products processed under State inspection
24 at any establishment in any State, not designated under this

1 paragraph (c), in accordance with requirements which the
2 Secretary has determined are at least equal to those under
3 sections 1-4, 6-10, and 12-22 of this Act, shall be eligible
4 for distribution in commerce, upon the same basis as poultry
5 products inspected under this Act, when they are marked
6 under such supervision and other conditions as the Secretary
7 may by regulation prescribe, with a combined State-Federal
8 official inspection legend.

9 “(d) As used in this section, the term ‘State’ means
10 any State (including the Commonwealth of Puerto Rico) or
11 organized territory.”

12 SEC. 6. Section 6 of said Act (21 U.S.C. 455) is
13 hereby amended as follows:

14 (a) Paragraph (a) is amended to read:

15 “(a) For the purpose of preventing the entry into or
16 flow or movement in commerce of, or the burdening of
17 commerce by, any poultry product which is capable of use
18 as human food and is adulterated, the Secretary shall, where
19 and to the extent considered by him necessary, cause to be
20 made by inspectors ante mortem inspection of poultry in
21 each official establishment processing poultry or poultry
22 products for commerce or otherwise subject to inspection
23 under this Act.”

24 (b) Paragraph (b) is amended by deleting the phrase
25 “in, or for marketing in a designated city or area” and sub-

1 stituting the phrase "otherwise subject to inspection under
2 this Act"; by inserting the word "and" before the word
3 "reinspection"; and by inserting the phrase "capable of use
4 as human food" after the phrase "poultry products" the
5 first time the latter phrase appears in the paragraph.

6 (c) Paragraph (c) is amended by deleting the phrase
7 "unwholesome or" and the phrase "not unwholesome and"
8 each time they appear therein; and by inserting the word
9 "other" before the phrase "poultry products".

10 SEC. 7. In section 7 of said Act (21 U.S.C. 456) para-
11 graph (a) is hereby amended by deleting the phrase "in or
12 for marketing in a designated major consuming area" and
13 substituting the phrase "otherwise subject to inspection under
14 this Act"; by deleting the phrase "in a designated major
15 consuming area" and substituting the phrase "burdensome
16 effect upon commerce"; and by deleting the phrase "un-
17 wholesome or".

18 SEC. 8. Section 8 of said Act (21 U.S.C. 457) is hereby
19 amended to read:

20 "SEC. 8. (a) All poultry products inspected at any offi-
21 cial establishment under the authority of this Act and found
22 to be not adulterated, shall at the time they leave the estab-
23 lishment bear, in distinctly legible form, directly thereon and
24 on their shipping containers and immediate containers, as

1 the Secretary may require, the information required under
2 paragraph (h) of section 4 of this Act.

3 “(b) The Secretary, whenever he determines such ac-
4 tion is necessary for the protection of the public, may pre-
5 scribe: (1) the styles and sizes of type to be used with respect
6 to material required to be incorporated in labeling to avoid
7 false or misleading labeling in marketing and labeling any
8 articles or poultry subject to this Act; (2) definitions and
9 standards of identity or composition or articles subject to this
10 Act and standards of fill of container for such articles not in-
11 consistent with any such standards established under the
12 Federal Food, Drug, and Cosmetic Act, and there shall be
13 consultation between the Secretary and the Secretary of
14 Health, Education, and Welfare prior to the issuance of such
15 standards under either Act relating to articles subject to this
16 Act to avoid inconsistency in such standards and possible
17 impairment of the coordinated effective administration of
18 these Acts. There shall also be consultation between the Sec-
19 retary and an appropriate advisory committee provided for
20 in section 5 of this Act, prior to the issuance of such stand-
21 ards under this Act, to avoid, insofar as feasible, inconsistency
22 between Federal and State standards.

23 “(c) No article subject to this Act shall be sold or offered
24 for sale by any person in commerce, under any name or
25 other marking or labeling which is false or misleading, or in

1 any container of a misleading form or size, but established
2 trade names and other marking and labeling and containers
3 which are not false or misleading and which are approved
4 by the Secretary are permitted.

5 “(d) If the Secretary has reason to believe that any
6 marking or labeling or the size or form of any container in
7 use or proposed for use with respect to any article subject
8 to this Act is false or misleading in any particular, he may
9 direct that such use be withheld unless the marking, label-
10 ing, or container is modified in such manner as he may pre-
11 scribe so that it will not be false or misleading. If the person
12 using or proposing to use the marking, labeling, or container
13 does not accept the determination of the Secretary, such
14 person may request a hearing, but the use of the marking,
15 labeling, or container shall, if the Secretary so directs, be
16 withheld pending hearing and final determination by the
17 Secretary. Any such determination by the Secretary shall
18 be conclusive unless, within thirty days after receipt of
19 notice of such final determination, the person adversely
20 affected thereby appeals to the United States court of ap-
21 peals for the circuit in which such person has its principal
22 place of business or to the United States Court of Appeals
23 for the District of Columbia Circuit. The provisions of sec-
24 tion 204 of the Packers and Stockyards Act, 1921 (42

1 Stat. 162, as amended; 7 U.S.C. 194), shall be applicable
2 to appeals taken under this section.”

3 SEC. 9. Section 9 of said Act (21 U.S.C. 458) is
4 amended to read:

5 “SEC. 9. (a) No person shall—

6 “(1) slaughter any poultry or process any poultry
7 products which are capable of use as human food at any
8 establishment processing any such articles for commerce,
9 except in compliance with the requirements of this Act;

10 “(2) sell, transport, offer for sale or transportation,
11 or receive for transportation, in commerce, (A) any
12 poultry products which are capable of use as human food
13 and are adulterated or misbranded at the time of such
14 sale, transportation, offer for sale or transportation, or
15 receipt for transportation; or (B) any poultry products
16 required to be inspected under this Act unless they have
17 been so inspected and passed;

18 “(3) do, with respect to any poultry products which
19 are capable of use as human food, any act while they
20 are being transported in commerce or held for sale after
21 such transportation, which is intended to cause or has
22 the effect of causing such products to be adulterated or
23 misbranded;

24 “(4) sell, transport, offer for sale or transporta-
25 tion, or receive for transportation, in commerce or from

1 an official establishment, any slaughtered poultry from
2 which the blood, feathers, feet, head, or viscera have
3 not been removed in accordance with regulations pro-
4 mulgated by the Secretary, except as may be authorized
5 by regulations of the Secretary;

6 “(5) use to his own advantage, or reveal other
7 than to the authorized representatives of the United
8 States Government or any State or other government
9 in their official capacity, or as ordered by a court in any
10 judicial proceedings, any information acquired under the
11 authority of this Act concerning any matter which is
12 entitled to protection as a trade secret.

13 “(b) No brand manufacturer, printer, or other person
14 shall cast, print, lithograph, or otherwise make any device
15 containing any official mark or simulation thereof, or any
16 label bearing any such mark or simulation, or any form of
17 official certificate or simulation thereof, except as authorized
18 by the Secretary.

19 “(c) No person shall—

20 “(1) forge any official device, mark, or certificate;

21 “(2) without authorization from the Secretary use
22 any official device, mark, or certificate, or simulation
23 thereof, or alter, detach, deface, or destroy any official
24 device, mark, or certificate;

25 “(3) contrary to the regulations prescribed by the

1 Secretary, fail to use, or to detach, deface, or destroy any
2 official device, mark, or certificate;

3 “(4) knowingly possess, without promptly notify-
4 ing the Secretary or his representative, any official de-
5 vice or any counterfeit, simulated, forged, or improperly
6 altered official certificate or any device or label or any
7 carcass of any poultry, or part or product thereof, bear-
8 ing any counterfeit, simulated, forged, or improperly
9 altered official mark;

10 “(5) knowingly make any false statement in any
11 shippers certificate or other nonofficial or official certi-
12 ficate provided for in the regulations prescribed by the
13 Secretary; or

14 “(6) knowingly represent that any article has been
15 inspected and passed, or exempted, under this Act when,
16 in fact, it has, respectively, not been so inspected and
17 passed, or exempted.”

18 SEC. 10. Section 10 of said Act (21 U.S.C. 459) is
19 hereby amended by deleting the phrase “in or for marketing
20 in a designated major consuming area” and substituting the
21 phrase “otherwise subject to this Act”.

22 SEC. 11. Section 11 of said Act (21 U.S.C. 460) is
23 hereby amended to read:

24 “(a) Inspection shall not be provided under this Act
25 at any establishment for the slaughter of poultry or the

1 processing of any carcasses or parts or products of poultry,
2 which are not intended for use as human food, but such
3 articles shall, prior to their offer for sale or transportation
4 in commerce, unless naturally inedible by humans, be de-
5 natured or otherwise identified as prescribed by regulations
6 of the Secretary to deter their use for human food. No person
7 shall buy, sell, transport, or offer for sale or transportation,
8 or receive for transportation, in commerce, or import, any
9 poultry carcasses or parts or products thereof which are not
10 intended for use as human food unless they are denatured or
11 otherwise identified as required by the regulations of the
12 Secretary or are naturally inedible by humans.

13 “(b) The following classes of persons shall, for such
14 period of time as the Secretary may by regulations prescribe,
15 keep such records as will fully and correctly disclose all
16 transactions involved in their businesses; and all persons sub-
17 ject to such requirements shall, at all reasonable times, upon
18 notice by a duly authorized representative of the Secretary,
19 afford such representative access to their places of business
20 and opportunity to examine the facilities, inventory, and
21 records thereof, to copy all such records, and to take reason-
22 able samples of their inventory upon payment of the fair
23 market value therefor—

24 “(1) Any person that engages in the business of
25 slaughtering any poultry or processing, freezing, packag-

1 ing, or labeling any carcasses, or parts or products of
2 carcasses, of any poultry, for commerce, for use as human
3 food or animal food;

4 “(2) Any person that engages in the business of
5 buying or selling (as poultry products brokers, whole-
6 salers or otherwise), or transporting, in commerce, or
7 storing in or for commerce, or importing, any carcasses,
8 or parts or products of carcasses, of any poultry;

9 “(3) Any person that engages in business, in or
10 for commerce, as a renderer, or engages in the business
11 of buying, selling, or transporting, in commerce, or im-
12 porting, any dead, dying, disabled, or diseased poultry
13 or parts of the carcasses of any poultry that died other-
14 wise than by slaughter.

15 “(c) No person shall engage in business, in or for com-
16 merce, as a poultry products broker, renderer, or animal food
17 manufacturer, or engage in business in commerce as a whole-
18 saler of any carcasses, or parts or products of the carcasses,
19 of any poultry, whether intended for human food or other
20 purposes, or engage in business as a public warehouseman
21 storing any such articles in or for commerce, or engage in
22 the business of buying, selling, or transporting in commerce,
23 or importing, any dead, dying, disabled, or diseased poultry,
24 or parts of the carcasses of any poultry that died otherwise
25 than by slaughter, unless, when required by regulations of

1 the Secretary, he has registered with the Secretary his name,
2 and the address of each place of business at which, and all
3 trade names under which, he conducts such business.

4 “(d) No person engaged in the business of buying, sell-
5 ing, or transporting in commerce, or importing, dead, dying,
6 disabled, or diseased poultry, or any parts of the carcasses of
7 any poultry that died otherwise than by slaughter, shall buy,
8 sell, transport, offer for sale or transportation, or receive for
9 transportation, in commerce, or import, any dead, dying, dis-
10 abled, or diseased poultry or parts of the carcasses of any
11 poultry that died otherwise than by slaughter, unless such
12 transaction, transportation or importation is made in accord-
13 ance with such regulations as the Secretary may prescribe to
14 assure that such poultry, or the unwholesome parts or prod-
15 ucts thereof, will be prevented from being used for human
16 food.

17 “(e) The authority conferred on the Secretary by para-
18 graph (b), (c), or (d) of this section with respect to per-
19 sons engaged in the specified kinds of business in or for
20 commerce may be exercised with respect to persons engaged,
21 in any State or organized territory, in such kinds of business
22 but not in or for commerce, whenever the Secretary deter-
23 mines, after consultation with an appropriate advisory com-
24 mittee provided for in section 5 of this Act, that the State or
25 territory does not have at least equal authority under its

1 laws or such authority is not exercised in a manner to effec-
2 tuate the purposes of this Act, including the State or territory
3 providing for the Secretary or his representative being af-
4 forced access to such places of business and the facilities,
5 inventories, and records thereof, and the taking of reasonable
6 samples, where he determines necessary in carrying out his
7 responsibilities under this Act; and in such case the pro-
8 visions of paragraph (b), (c), or (d) of this section, re-
9 spectively, shall apply to such persons to the same extent and
10 in the same manner as if they were engaged in such busi-
11 ness in or for commerce and the transactions involved were
12 in commerce.”

13 SEC. 12. Section 12 of said Act (21 U.S.C. 461) is
14 hereby amended as follows:

15 (a) Paragraph (a) is amended by changing the first
16 sentence to read:

17 “Any person who violates the provisions of section 9,
18 10, 11, 14, or 17 of this Act shall be fined not more than
19 \$1,000 or imprisoned not more than one year, or both;
20 but if such violation involves intent to defraud, or any dis-
21 tribution or attempted distribution of an article that is adulter-
22 ated (except as defined in section 4 (g) (8) of this Act),
23 such person shall be fined not more than \$10,000 or impris-
24 oned not more than three years, or both.”

25 (b) Paragraph (b) is amended by deleting the phrase

1 “not otherwise eligible” and substituting the phrase “other-
2 wise not eligible”; by deleting the word “slaughtered” each
3 time it appears; and by adding the following before the
4 period at the end of the paragraph: “or unless the carrier
5 refuses to furnish on request of a representative of the Secre-
6 tary the name and address of the person from whom he re-
7 ceived such poultry or poultry products, and copies of all
8 documents, if any there be, pertaining to the delivery of
9 the poultry or poultry products to such carrier”.

10 (c) A new paragraph (c) is added to read:

11 “(c) Any person who forcibly assaults, resists, opposes,
12 impedes, intimidates, or interferes with any person while
13 engaged in or on account of the performance of his official
14 duties under this Act shall be fined not more than \$5,000
15 or imprisoned not more than three years, or both. Who-
16 ever, in the commission of any such acts, uses a deadly or
17 dangerous weapon, shall be fined not more than \$10,000
18 or imprisoned not more than ten years, or both. Whoever
19 kills any person while engaged in or on account of the per-
20 formance of his official duties under this Act shall be punished
21 as provided under sections 1111 and 1114 of title 18,
22 United States Code.”

23 SEC. 13. Section 14 of said Act (21 U.S.C. 463) is
24 hereby amended by designating the present provisions thereof

1 as paragraph (b) ; by inserting the word "other" before the
2 word "rules" in said paragraph; and by adding a new para-
3 graph (a) to read:

4 " (a) The Secretary may by regulations prescribe con-
5 ditions under which poultry products capable of use as human
6 food, shall be stored or otherwise handled by any person en-
7 gaged in the business of buying, selling, freezing, storing, or
8 transporting, in or for commerce, or importing, such articles,
9 whenever the Secretary deems such action necessary to as-
10 sure that such articles will not be adulterated or misbranded
11 when delivered to the consumer. Violation of any such regu-
12 lation is prohibited. However, such regulations shall not
13 apply to the storage or handling of such articles at any retail
14 store or other establishment in any State or organized Terri-
15 tory that would be subject to this section only because of pur-
16 chases in commerce, if the storage and handling of such
17 articles at such establishment is regulated under the laws of
18 the State or Territory in which such establishment is located,
19 in a manner which the Secretary, after consultation with the
20 appropriate advisory committee provided for in section 5 of
21 this Act, determines is adequate to effectuate the purposes of
22 this section."

23 SEC. 14. Section 15 of said Act (21 U.S.C. 464) is
24 hereby amended as follows:

25 (a) In paragraph (a), subparagraph (1) is deleted

1 and subparagraphs (2), (3), and (4) are redesignated,
2 respectively, as subparagraphs (1), (2), and (3) ;

3 (b) In paragraph (a), in redesignated subparagraph
4 (2) (formerly (3)), the date "July 1, 1960" is deleted and
5 the date "January 1, 1970" is substituted therefor;

6 (c) Paragraph (b) is redesignated as paragraph (e)
7 and new paragraphs (b), (c), and (d) are added to read:

8 " (b) The Secretary may, under such sanitary conditions
9 as he may by regulations prescribe, exempt from the inspec-
10 tion requirements of this Act the slaughter of poultry, and
11 the processing of poultry products, by any person in any
12 Territory not organized with a legislative body, solely for
13 distribution within such Territory, when the Secretary deter-
14 mines that it is impracticable to provide such inspection with-
15 in the limits of funds appropriated for administration of this
16 Act and that such exemption will aid in the effective adminis-
17 tration of this Act.

18 " (c) The provisions of this Act requiring inspection of
19 the slaughter of poultry and the processing of poultry prod-
20 ucts at establishments conducting such operations for com-
21 merce shall not apply to the slaughtering by any person
22 of poultry of his own raising, and the processing by him
23 and transportation in commerce of the poultry products
24 exclusively for use by him and members of his household
25 and his nonpaying guests and employees; nor to the custom

1 slaughter by any person of poultry delivered by the owner
2 thereof for such slaughter, and the processing by such
3 slaughterer and transportation in commerce of the poultry
4 products exclusively for use, in the household of such owner,
5 by him and members of his household and his nonpaying
6 guests and employees: *Provided*, That such custom slaugh-
7 terer does not engage in the business of buying or selling
8 any poultry products capable of use as human food.

9 “(d) The adulteration and misbranding provisions of
10 this Act, other than the requirement of the inspection legend,
11 shall apply to articles which are exempted from inspection
12 or not required to be inspected under this section, except
13 as otherwise specified under paragraph (a).”

14 SEC. 15. Section 16 of said Act (21 U.S.C. 465) is
15 hereby amended to read:

16 “SEC. 16. The Secretary may limit the entry of poultry
17 products and other materials into any official establishment,
18 under such conditions as he may prescribe to assure that
19 allowing the entry of such articles into such inspected estab-
20 lishments will be consistent with the purposes of this Act.”

21 SEC. 16. Section 17 of said Act (21 U.S.C. 466) is
22 hereby amended to read:

23 “SEC. 17. (a) No poultry products which are capable
24 of use as human food shall be imported into the United
25 States if such articles are adulterated or misbranded and un-

1 less they comply with all the inspection, building con-
2 struction standards, and all other provisions of this Act and
3 regulations issued thereunder applicable to such articles in
4 commerce within the United States. All such imported arti-
5 cles shall, upon entry into the United States, be deemed and
6 treated as domestic articles subject to the other provisions
7 of this Act and the Federal Food, Drug, and Cosmetic Act:
8 *Provided*, That they shall be marked and labeled as required
9 by such regulations for imported articles: *Provided further*,
10 That nothing in this section shall apply to any individual
11 who purchases poultry products outside the United States
12 for his own consumption except that the total amount of
13 such poultry products shall not exceed fifty pounds.

14 “(b) The Secretary may prescribe the terms and con-
15 ditions for the destruction of all such articles which are im-
16 ported contrary to this section, unless (1) they are exported
17 by the consignee within the time fixed therefor by the Secre-
18 tary, or (2) in the case of articles which are not in com-
19 pliance with the Act solely because of misbranding, such
20 articles are brought into compliance with the Act under
21 supervision of authorized representatives of the Secretary.

22 “(c) All charges for storage, cartage, and labor with
23 respect to any article which is imported contrary to this
24 section shall be paid by the owner or consignee, and in de-
25 fault of such payment shall constitute a lien against such

1 article and any other article thereafter imported under this
2 Act by or for such owner or consignee.

3 “(d) The knowing importation of any article contrary
4 to this section is prohibited.”

5 SEC. 17. Section 18 of said Act (21 U.S.C. 467) is
6 hereby amended to read:

7 “SEC. 18. (a) The Secretary may (for such period, or
8 indefinitely, as he deems necessary to effectuate the purposes
9 of this Act) refuse to provide, or withdraw, inspection service
10 under this Act with respect to any establishment if he de-
11 termines, after opportunity for a hearing is accorded to the
12 applicant for, or recipient of, such service, that such ap-
13 plicant or recipient is unfit to engage in any business re-
14 quiring inspection under this Act because the applicant or
15 recipient or anyone responsibly connected with the applicant
16 or recipient, has been convicted, in any Federal or State
17 court, within the previous ten years of (1) any felony or
18 more than one misdemeanor under any law based upon the
19 acquiring, handling, or distributing of adulterated, mislabeled,
20 or deceptively packaged food or fraud in connection with
21 transactions in food; or (2) any felony, involving fraud,
22 bribery, extortion, or any other act or circumstance indicating
23 a lack of the integrity needed for the conduct of operations
24 affecting the public health. For the purpose of this paragraph
25 a person shall be deemed to be responsibly connected with

1 the business if he was a partner, officer, director, holder, or
2 owner of 10 per centum or more of its voting stock or
3 employee in a managerial or executive capacity.

4 “(b) Upon the withdrawal of inspection service from
5 any official establishment for failure to destroy condemned
6 poultry products as required under section 6 of this Act, or
7 other failure of an official establishment to comply with the
8 requirements as to premises, facilities, or equipment, or the
9 operation thereof, as provided in section 7 of this Act, or the
10 refusal of inspection service to any applicant therefor be-
11 cause of failure to comply with any requirements under
12 section 7, the applicant for, or recipient of, the service shall,
13 upon request, be afforded opportunity for a hearing with
14 respect to the merits or validity of such action; but such
15 withdrawal or refusal shall continue in effect unless other-
16 wise ordered by the Secretary.

17 “(c) The determination and order of the Secretary
18 when made after opportunity for hearing, with respect to
19 withdrawal or refusal of inspection service under this Act
20 shall be final and conclusive unless the affected applicant for,
21 or recipient of, inspection service files application for judicial
22 review within thirty days after the effective date of such
23 order in the United States Court of Appeals as provided in
24 section 8 of this Act. Judicial review of any such order
25 shall be upon the record upon which the determination and

1 order are based. The provisions of section 204 of the
2 Packers and Stockyards Act of 1921, as amended, shall be
3 applicable to appeals taken under this section."

4 SEC. 18. Sections 19 through 22 of said Act (21 U.S.C.
5 468, 469, 451 note) are hereby redesignated as sections 25
6 through 28, respectively, and new sections 19, 20, 21, 22,
7 23, and 24 are added to the Act to read, respectively:

8 "SEC. 19. Whenever any poultry product, or any prod-
9 uct exempted from the definition of a poultry product, or any
10 dead, dying, disabled, or diseased poultry is found by any
11 authorized representative of the Secretary upon any premises
12 where it is held for purposes of, or during or after distribution
13 in, commerce or otherwise subject to this Act, and there is
14 reason to believe that any such article is adulterated or mis-
15 branded and is capable of use as human food, or that it has
16 not been inspected, in violation of the provisions of this Act
17 or of any other Federal law or the laws of any State or
18 Territory, or the District of Columbia, or that it has been
19 or is intended to be, distributed in violation of any such
20 provisions, it may be detained by such representative for a
21 period not to exceed twenty days, pending action under
22 section 20 of this Act or notification of any Federal, State,
23 or other governmental authorities having jurisdiction over
24 such article or poultry, and shall not be moved by any person,
25 from the place at which it is located when so detained, until

1 released by such representative. All official marks may be
2 required by such representative to be removed from such
3 article or poultry before it is released unless it appears to
4 the satisfaction of the Secretary that the article or poultry is
5 eligible to retain such marks.

6 "SEC. 20. (a) Any poultry product, or any dead,
7 dying, disabled, or diseased poultry, that is being transported
8 in commerce or otherwise subject to this Act, or is held
9 for sale in the United States after such transportation, and
10 that (1) is or has been processed, sold, transported, or
11 otherwise distributed or offered or received for distribution
12 in violation of this Act, or (2) is capable of use as human
13 food and is adulterated or misbranded, or (3) in any other
14 way is in violation of this Act, shall be liable to be proceeded
15 against and seized and condemned, at any time, on a libel
16 of information in any United States district court or other
17 proper court as provided in section 21 of this Act within the
18 jurisdiction of which the article or poultry is found. If the
19 article or poultry is condemned it shall, after entry of the
20 decree, be disposed of by destruction or sale as the court
21 may direct and the proceeds, if sold, less the court costs and
22 fees, and storage and other proper expenses, shall be paid
23 into the Treasury of the United States, but the article or
24 poultry shall not be sold contrary to the provisions of this
25 Act, or the laws of the jurisdiction in which it is sold:

1 *Provided*, That upon the execution and delivery of a good
2 and sufficient bond conditioned that the article or poultry
3 shall not be sold or otherwise disposed of contrary to the
4 provisions of this Act, or the laws of the jurisdiction in which
5 disposal is made, the court may direct that such article or
6 poultry be delivered to the owner thereof subject to such
7 supervision by authorized representatives of the Secretary as
8 is necessary to insure compliance with the applicable laws.
9 When a decree of condemnation is entered against the article
10 or poultry and it is released under bond, or destroyed, court
11 costs and fees, and storage and other proper expenses shall
12 be awarded against the person, if any, intervening as claimant
13 of the article or poultry. The proceedings in such libel cases
14 shall conform, as nearly as may be, to the proceedings in
15 admiralty, except that either party may demand trial by
16 jury of any issue of fact joined in any case, and all such
17 proceedings shall be at the suit of and in the name of the
18 United States.

19 “(b) The provisions of this section shall in no way
20 derogate from authority for condemnation or seizure con-
21 ferred by other provisions of this Act, or other laws.

22 “SEC. 21. The United States district courts, the District
23 Court of Guam, the District Court of the Virgin Islands, the
24 highest court of American Samoa, and the United States
25 courts of the other territories, are vested with jurisdiction

1 specifically to enforce, and to prevent and restrain violations
2 of, this Act, and shall have jurisdiction in all other kinds of
3 cases arising under this Act, except as provided in section
4 8 (d) or 18 of this Act. All proceedings for the enforcement
5 or to restrain violations of this Act shall be by and in the
6 name of the United States. Subpenas for witnesses who are
7 required to attend a court of the United States, in any district,
8 may run into any other district in any such proceeding.

9 "SEC. 22. For the efficient administration and enforce-
10 ment of this Act, the provisions (including penalties) of
11 sections 6, 8, 9, and 10 of the Federal Trade Commission
12 Act, as amended (38 Stat. 721-723, as amended; 15 U.S.C.
13 46, 48, 49, and 50) (except paragraphs (c) through (h)
14 of section 6 and the last paragraph of section 9), and the
15 provisions of subsection 409 (1) of the Communications Act
16 of 1934 (48 Stat. 1096, as amended; 47 U.S.C. 409 (1)),
17 are made applicable to the jurisdiction, powers, and duties
18 of the Secretary in administering and enforcing the provi-
19 sions of this Act and to any person with respect to whom
20 such authority is exercised. The Secretary, in person or by
21 such agents as he may designate, may prosecute any inquiry
22 necessary to his duties under this Act in any part of the
23 United States, and the powers conferred by said sections 9
24 and 10 of the Federal Trade Commission Act as amended
25 on the district courts of the United States may be exercised

1 for the purposes of this Act by any court designated in section
2 21 of this Act.

3 “SEC. 23. Requirements within the scope of this Act
4 with respect to premises, facilities and operations of any
5 official establishment, which are in addition to, or different
6 than those made under this Act may not be imposed by any
7 State or Territory or the District of Columbia, except that
8 any such jurisdiction may impose recordkeeping and other
9 requirements within the scope of paragraph (b) of section
10 11 of this Act, if consistent therewith, with respect to any
11 such establishment. Marking, labeling, packaging, or ingredi-
12 ent requirements in addition to, or different than, those made
13 under this Act may not be imposed by any State or Territory
14 or the District of Columbia with respect to articles prepared
15 at any official establishment in accordance with the require-
16 ments under this Act, but any State or Territory or the Dis-
17 trict of Columbia may, consistent with the requirements
18 under this Act, exercise concurrent jurisdiction with the
19 Secretary over articles required to be inspected under this
20 Act, for the purpose of preventing the distribution for human
21 food purposes of any such articles which are adulterated or
22 misbranded and are outside of such an establishment, or, in
23 the case of imported articles which are not at such an estab-
24 lishment, after their entry into the United States. This Act
25 shall not preclude any State or Territory or the District of

1 Columbia from making requirement or taking other action,
2 consistent with this Act, with respect to any other matters
3 regulated under this Act.

4 "SEC. 24. (a) Poultry and poultry products shall be
5 exempt from the provisions of the Federal Food, Drug, and
6 Cosmetic Act to the extent of the application or extension
7 thereto of the provisions of this Act, except that the pro-
8 visions of this Act shall not derogate from any authority
9 conferred by the Federal Food, Drug, and Cosmetic Act
10 prior to enactment of the Wholesome Poultry Products Act.

11 "(b) The detainer authority conferred by section 19 of
12 this Act shall apply to any authorized representative of the
13 Secretary of Health, Education, and Welfare for purposes
14 of the enforcement of the Federal Food, Drug, and Cosmetic
15 Act with respect to any poultry carcass, or part or product
16 thereof, that is outside any official establishment, and for
17 such purposes the first reference to the Secretary in section
18 19 shall be deemed to refer to the Secretary of Health,
19 Education, and Welfare."

20 SEC. 19. The heading "**Designation**" preceding sec-
21 tion 5 of said Act is hereby amended to read "**Federal**
22 **and State cooperation**"; the heading "**Labeling**" preceding
23 section 8 of said Act is hereby amended to read "**Labeling**
24 **and containers; standards**"; the heading "**Records of**
25 **interstate shipment**" preceding section 11 of said Act is

1 hereby amended to read **“Articles not intended for human**
2 **food; record and related requirements for processors of**
3 **poultry products and related industries engaged in com-**
4 **merce; registration requirements for related industries en-**
5 **gaged in commerce; regulation of transactions in com-**
6 **merce in dead, dying, disabled, or diseased poultry and**
7 **carcasses thereof; authority to regulate comparable intra-**
8 **state activities”**; and the heading **“Violations by exempted**
9 **persons”** preceding section 16 of said Act is hereby amended
10 to read **“Entry of materials into official establishments.”**

11 SEC. 20. If any provisions of this Act or of the amend-
12 ments made hereby or the application thereof to any person
13 or circumstances is held invalid, the validity of the remainder
14 of the Act and the remaining amendments and of the appli-
15 cation of such provision to other persons and circumstances
16 shall not be affected thereby.

17 SEC. 21. This Act shall become effective upon enact-
18 ment except as provided in paragraphs (a) through (c) :

19 (a) The provisions of subparagraphs (a) (2) (A) and
20 (a) (3) of section 9 of the Poultry Products Inspection Act
21 and the provisions of section 17 of said Act, as amended by
22 sections 9 and 16 of this Act, shall become effective upon the
23 expiration of sixty days after enactment hereof.

24 (b) Section 14 of this Act, amending section 15 of the

1 Poultry Products Inspection Act, shall become effective upon
2 the expiration of sixty days after enactment hereof.

3 (c) Paragraph 11 (d) of the Poultry Products Inspec-
4 tion Act, as added by section 11 of this Act, shall become
5 effective upon the expiration of sixty days after enactment
6 hereof.

DEPARTMENT OF AGRICULTURE,
Washington D.C., February 6, 1968.

HON. HUBERT H. HUMPHREY,
President of the Senate.

DEAR MR. PRESIDENT: In his message of February 6, 1968 the President recommended prompt enactment of a Wholesome Poultry Products Act. Accordingly, I am submitting a bill to carry out the President's recommendation, and I urge its early and favorable consideration by the Congress.

The Poultry Products Inspection Act was enacted on August 28, 1957. The act provides for inspection of processing of poultry or poultry products for "commerce" as defined in the act. Section 5 of the act provides that under certain conditions major consuming areas could be designated and all poultry products processed or sold in such areas could be required to be inspected. However, section 5 has proven to be ineffective and no areas have been designated. There are two primary reasons why this section has not been effective in extending inspection to intrastate plants. (1) The Secretary may not himself initiate action for designation; it has to originate with a State or local official or agency or a local poultry industry group. (2) The Secretary must find, *inter alia*, that the volume of noninspected poultry or poultry products is such as to burden the movement of inspected poultry products in "commerce." There are plants of significant size which process without inspection and sell poultry in intrastate commerce, some of which is unwholesome and not properly processed.

Experience has shown that additional legislation is urgently needed for the truly adequate protection of consumers, the legitimate operators in the affected industries, and others associated therewith.

About 13 percent of the poultry sold off farms is not prepared for distribution in "commerce" as defined in the act, and under present law is not subject to Federal inspection. Since only four States have active mandatory poultry inspection programs, the majority of these poultry products receive no inspection. These products are permitted to be intermingled in the retailing process with federally inspected products for sale to the unsuspecting public.

The object of the proposed bill is to eliminate the sale of unwholesome, adulterated, improperly processed, mislabeled, or deceptively packaged poultry products and to assure consumers that poultry products they buy are wholesome, unadulterated, and honestly packaged and labeled.

The proposed bill is very similar to the recently enacted Wholesome Meat Act. It would meet a need for establishing new authorities with respect to certain operators related to the poultry processing industry whose activities have a significant part in the marketing of poultry carcasses, parts thereof, and other poultry food products. This group includes renderers, animal food manufacturers, poultry products brokers, wholesalers, transporters, and cold storage warehousemen engaged in business in or for "commerce," and importers. Adequate and appropriate controls are necessary to protect consumers. The bill would authorize registration requirements and impose recordkeeping requirements with respect to such operators and would further require them to give access to representatives of the Secretary to their places of business for the purpose of examining records, inventories, and facilities and for taking samples upon payment therefor. These provisions would aid in preventing substitution of noninspected products for inspected products and otherwise deter buying, selling, and importation of noninspected or adulterated or misbranded poultry products. These new authorities would also be conferred on the Secretary with respect to persons that conduct the kinds of business specified in the bill but not in or for commerce, whenever the Secretary determines, after consultation with an advisory committee, that the State or other jurisdiction concerned does not have or is not adequately exercising at least equal authority under its laws.

The bill would provide authority for the Secretary to cooperate with the appropriate agency in any State in developing and administering State laws with respect to poultry inspection and other matters covered by this bill. Cooperation with the States could include furnishing advisory program planning assistance, and technical and laboratory assistance, training State inspection employees, and financial aid. The Federal contribution could not exceed 50 per centum of the estimated total cost of the cooperative program. The bill also provides for the Secretary to appoint advisory committees consisting of appropriate State agency representatives for purposes of consultations with him on such matters as State program evaluation, and establishing better coordination and more uniformity among State programs and better Federal and State systems.

The authority for such cooperation would also extend to the organized Territories.

Auxiliary provisions of the proposed bill would provide detention, seizure and injunction authority needed to prevent distribution of products that are unfit for human food or otherwise in violation of the act. The bill would also clarify various authorities and make numerous technical changes to facilitate enforcement of the Act.

The additional Federal costs that would be incurred if the proposed legislation is enacted would be approximately \$5,000,000 for the first full year of operation and would be about \$10,000,000 when all 50 States are cooperating. These costs are based on the assumption that States will cooperate and pay 50 per centum of the estimated total costs for their inspection programs. If States do not wish to cooperate and the Federal Government is responsible for the entire inspection program, the Federal cost estimates will double for those States that fail to cooperate. Financial assistance to States in the development of their inspection programs is estimated to be \$4,400,000 in the first year, and technical assistance to States is expected to cost \$450,000. Training of State employees in use of Federal standards and methods and advisory committee costs will be about \$150,000.

The estimated first-year costs are based on the assumption that 24 States will enter the cooperative program during the first 12 months. Seventeen States now have some type of poultry inspection legislation. We assume that any of these that could qualify under the proposed legislation would enter a cooperative program immediately. The remaining States could enter the program as soon as they are able to enact legislation or take other steps necessary to qualify. However, there are no precise means of determining the number of States which would enter into cooperative agreements.

There are no means of accurately forecasting the number of plants which will elect to shift from their present intrastate status to interstate operations. Such a shift would reduce the cost of the cooperative program while significantly increasing Federal costs.

The proposed amendments would not derogate from authorities vested in the Department of Health, Education and Welfare under the Federal Food, Drug and Cosmetic Act. Provisions are included in the bill to enhance the already established coordination between the two Departments in the administration of applicable food laws.

In addition to the draft bill, there is enclosed a section-by-section analysis of the bill with further comments as necessary to explain the effect of the provisions.

We believe that the enactment of the bill would not significantly affect consumer prices of poultry and poultry food products and that the bill is urgently needed in the interest of more adequate protection of consumers and other members of the public.

The Bureau of the Budget advises that enactment of this proposed legislation would be in accord with the President's program.

Sincerely yours,

ORVILLE L. FREEMAN,
Secretary.

Enclosures.

S. 2932

[90th Cong., 2d Sess.]

AMENDMENT

Intended to be proposed by Mr. MONTROYA to S. 2932, a bill to clarify and otherwise amend the Poultry Products Inspection Act, to provide for cooperation with appropriate State agencies with respect to State poultry products inspection programs, and for other purposes, viz:

- 1 On page 14, line 8, insert "mandatory" immediately be-
- 2 fore "ante-".

Amdt. No. 538

S. 2932

[90th Cong., 2d Sess.]

AMENDMENT

Intended to be proposed by Mr. MONTROYA to S. 2932, a bill to clarify and otherwise amend the Poultry Products Inspection Act, to provide for cooperation with appropriate State agencies with respect to State poultry products inspection programs, and for other purposes, viz: On page 19, beginning with line 16, strike out all down through line 22, and insert in lieu thereof the following:

- 1 “(4) The Secretary shall promptly upon enactment of
- 2 the Wholesome Poultry Products Act, and periodically there-
- 3 after, but at least annually, review the requirements, includ-
- 4 ing the enforcement thereof, of the several States not desig-
- 5 nated under this paragraph (c), with respect to the slaughter
- 6 of poultry, and the processing, storage, handling, and dis-
- 7 tribution of poultry products, and inspection of such opera-

1 tions, and annually report thereon to the Committee on
2 Agriculture of the House of Representatives and the Com-
3 mittee on Agriculture and Forestry of the Senate.”

Amdt. No. 537

H. R. 16363

[90th Cong., 2d Sess.]

AN ACT

To clarify and otherwise amend the Poultry Products Inspection Act, to provide for cooperation with appropriate State agencies with respect to State poultry products inspection programs, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Wholesome Poultry
4 Products Act".

5 SEC. 2. Section 2 of the Poultry Products Inspection
6 Act (71 Stat. 441, as amended; 21 U.S.C. 451) is hereby
7 amended to read:

8 "SEC. 2. Poultry and poultry products are an important
9 source of the Nation's total supply of food. They are con-

1 sumed throughout the Nation and the major portion thereof
2 moves in interstate or foreign commerce. It is essential in
3 the public interest that the health and welfare of consumers
4 be protected by assuring that poultry products distributed to
5 them are wholesome, not adulterated, and properly marked,
6 labeled, and packaged. Unwholesome, adulterated, or mis-
7 branded poultry products impair the effective regulation of
8 poultry products in interstate or foreign commerce, are in-
9 jurious to the public welfare, destroy markets for wholesome,
10 not adulterated, and properly labeled and packaged poultry
11 products, and result in sundry losses to poultry producers and
12 processors of poultry and poultry products, as well as injury
13 to consumers. It is hereby found that all articles and poultry
14 which are regulated under this Act are either in interstate
15 or foreign commerce or substantially affect such commerce,
16 and that regulation by the Secretary of Agriculture and
17 cooperation by the States and other jurisdictions as con-
18 templated by this Act are appropriate to prevent and elimi-
19 nate burdens upon such commerce, to effectively regulate
20 such commerce, and to protect the health and welfare of
21 consumers."

22 SEC. 3. Section 3 of said Act (21 U.S.C. 452) is hereby
23 amended to read:

24 "SEC. 3. It is hereby declared to be the policy of the Con-
25 gress to provide for the inspection of poultry and poultry

1 products and otherwise regulate the processing and distribu-
2 tion of such articles as hereinafter prescribed to prevent the
3 movement or sale in interstate or foreign commerce of, or
4 the burdening of such commerce by poultry products which
5 are adulterated or misbranded.”

6 SEC. 4. Section 4 of said Act (21 U.S.C. 453) is hereby
7 amended to read: “For purposes of this Act—

8 “(a) The term ‘commerce’ means commerce between
9 any State, any territory, or the District of Columbia, and
10 any place outside thereof; or within any territory not orga-
11 nized with a legislative body, or the District of Columbia.

12 “(b) Except as otherwise provided in this Act, the term
13 ‘State’ means any State of the United States and the Com-
14 monwealth of Puerto Rico.

15 “(c) The term ‘territory’ means Guam, the Virgin Is-
16 lands of the United States, American Samoa, and any other
17 territory or possession of the United States, excluding the
18 Canal Zone.

19 “(d) The term ‘United States’ means the States, the
20 District of Columbia, and the territories of the United States.

21 “(e) The term ‘poultry’ means any domesticated bird,
22 whether live or dead.

23 “(f) The term ‘poultry product’ means any poultry car-
24 cass, or part thereof; or any product which is made wholly or
25 in part from any poultry carcass or part thereof, excepting

1 products which contain poultry ingredients only in a rela-
2 tively small proportion or historically have not been consid-
3 ered by consumers as products of the poultry food industry,
4 and which are exempted by the Secretary from definition
5 as a poultry product under such conditions as the Secretary
6 may prescribe to assure that the poultry ingredients in such
7 products are not adulterated and that such products are not
8 represented as poultry products.

9 “(g) The term ‘adulterated’ shall apply to any poultry
10 product under one or more of the following circumstances:

11 “(1) if it bears or contains any poisonous or dele-
12 terious substance which may render it injurious to
13 health; but in case the substance is not an added sub-
14 stance, such article shall not be considered adulterated
15 under this clause if the quantity of such substance in or
16 on such article does not ordinarily render it injurious to
17 health;

18 “(2) (A) if it bears or contains (by reason of ad-
19 ministration of any substance to the live poultry or other-
20 wise) any added poisonous or added deleterious sub-
21 stance (other than one which is (i) a pesticide chemical
22 in or on a raw agricultural commodity; (ii) a food ad-
23 ditive; or (iii) a color additive) which may, in the
24 judgment of the Secretary, make such article unfit for
25 human food;

1 “(B) if it is, in whole or in part, a raw agricultural
2 commodity and such commodity bears or contains a
3 pesticide chemical which is unsafe within the meaning
4 of section 408 of the Federal Food, Drug, and Cosmetic
5 Act;

6 “(C) if it bears or contains any food additive which
7 is unsafe within the meaning of section 409 of the Fed-
8 eral Food, Drug, and Cosmetic Act;

9 “(D) if it bears or contains any color additive
10 which is unsafe within the meaning of section 706 of
11 the Federal Food, Drug, and Cosmetic Act: *Provided*,
12 That an article which is not otherwise deemed adulter-
13 ated under clause (B), (C), or (D) shall nevertheless
14 be deemed adulterated if use of the pesticide chemical,
15 food additive, or color additive in or on such article is
16 prohibited by regulations of the Secretary in official
17 establishments;

18 “(3) if it consists in whole or in part of any filthy,
19 putrid, or decomposed substance or is for any other rea-
20 son unsound, unhealthful, unwholesome, or otherwise
21 unfit for human food;

22 “(4) if it has been prepared, packed, or held under
23 insanitary conditions whereby it may have become con-
24 taminated with filth, or whereby it may have been ren-
25 dered injurious to health;

6

1 “(5) if it is, in whole or in part, the product of any
2 poultry which has died otherwise than by slaughter;

3 “(6) if its container is composed, in whole or in
4 part, of any poisonous or deleterious substance which
5 may render the contents injurious to health;

6 “(7) if it has been intentionally subjected to radia-
7 tion, unless the use of the radiation was in conformity
8 with a regulation or exemption in effect pursuant to sec-
9 tion 409 of the Federal Food, Drug, and Cosmetic
10 Act; or

11 “(8) if any valuable constituent has been in whole
12 or in part omitted or abstracted therefrom; or if any sub-
13 stance has been substituted, wholly or in part therefor;
14 or if damage or inferiority has been concealed in any
15 manner; or if any substance has been added thereto or
16 mixed or packed therewith so as to increase its bulk or
17 weight, or reduce its quality or strength, or make it
18 appear better or of greater value than it is.

19 “(h) The term ‘misbranded’ shall apply to any poultry
20 product under one or more of the following circumstances:

21 “(1) if its labeling is false or misleading in any
22 particular;

23 “(2) if it is offered for sale under the name of an-
24 other food;

25 “(3) if it is an imitation of another food, unless its

1 label bears, in type of uniform size and prominence, the
2 word 'imitation' and immediately thereafter, the name
3 of the food imitated;

4 “(4) if its container is so made, formed, or filled as
5 to be misleading;

6 “(5) unless it bears a label showing (A) the name
7 and the place of business of the manufacturer, packer,
8 or distributor; and (B) an accurate statement of the
9 quantity of the product in terms of weight, measure, or
10 numerical count: *Provided*, That under clause (B) of
11 this subparagraph (5), reasonable variations may be
12 permitted, and exemptions as to small packages or
13 articles not in packages or other containers may be estab-
14 lished by regulations prescribed by the Secretary;

15 “(6) if any word, statement, or other information
16 required by or under authority of this Act to appear on
17 the label or other labeling is not prominently placed
18 thereon with such conspicuousness (as compared with
19 other words, statements, designs, or devices, in the
20 labeling) and in such terms as to render it likely to be
21 read and understood by the ordinary individual under
22 customary conditions of purchase and use;

23 “(7) if it purports to be or is represented as a food
24 for which a definition and standard of identity or compo-

1 sition has been prescribed by regulations of the Secre-
2 tary under section 8 of this Act unless (A) it conforms
3 to such definition and standard, and (B) its label bears
4 the name of the food specified in the definition and stand-
5 ard and, insofar as may be required by such regulations,
6 the common names of optional ingredients (other than
7 spices, flavoring, and coloring) present in such food;

8 “(8) if it purports to be or is represented as a food
9 for which a standard or standards of fill of container have
10 been prescribed by regulations of the Secretary under
11 section 8 of this Act, and it falls below the standard of
12 fill of container applicable thereto, unless its label bears,
13 in such manner and form as such regulations specify, a
14 statement that it falls below such standard;

15 “(9) if it is not subject to the provisions of subpara-
16 graph (7), unless its label bears (A) the common or
17 usual name of the food, if any there be, and (B) in case
18 it is fabricated from two or more ingredients, the com-
19 mon or usual name of each such ingredient; except that
20 spices, flavorings, and colorings may, when authorized
21 by the Secretary, be designated as spices, flavorings,
22 and colorings without naming each: *Provided*, That to
23 the extent that compliance with the requirements of
24 clause (B) of this subparagraph (9) is impracticable
25 or results in deception or unfair competition, exemptions

1 shall be established by regulations promulgated by the
2 Secretary;

3 “(10) if it purports to be or is represented for
4 special dietary uses unless its label bears such informa-
5 tion concerning its vitamin, mineral, and other dietary
6 properties as the Secretary, after consultation with the
7 Secretary of Health, Education, and Welfare, determines
8 to be, and by regulations prescribes as, necessary in order
9 fully to inform purchasers as to its value for such uses;

10 “(11) if it bears or contains any artificial flavoring,
11 artificial coloring, or chemical preservative, unless it
12 bears labeling stating that fact: *Provided*, That, to the
13 extent that compliance with the requirements of this
14 subparagraph (11) is impracticable, exemptions shall
15 be established by regulations promulgated by the Secre-
16 tary; or

17 “(12) if it fails to bear on its containers, and in the
18 case of nonconsumer packaged carcasses directly thereon,
19 as the Secretary may by regulations prescribe, the official
20 inspection legend and official establishment number of the
21 establishment where the article was processed, and, un-
22 restricted by any of the foregoing, such other information
23 as the Secretary may require in such regulations to assure
24 that it will not have false or misleading labeling and that

1 the public will be informed of the manner of handling
2 required to maintain the article in a wholesome condition.

3 “(i) The term ‘Secretary’ means the Secretary of Agri-
4 culture or his delegate.

5 “(j) The term ‘person’ means any individual, partner-
6 ship, corporation, association, or other business unit.

7 “(k) The term ‘inspector’ means: (1) an employee or
8 official of the United States Government authorized by the
9 Secretary to inspect poultry and poultry products under the
10 authority of this Act, or (2) any employee or official of the
11 government of any State or territory or the District of
12 Columbia authorized by the Secretary to inspect poultry and
13 poultry products under authority of this Act, under an agree-
14 ment entered into between the Secretary and the appropriate
15 State or other agency.

16 “(l) The term ‘official mark’ means the official inspec-
17 tion legend or any other symbol prescribed by regulations of
18 the Secretary to identify the status of any article or poultry
19 under this Act.

20 “(m) The term ‘official inspection legend’ means any
21 symbol prescribed by regulations of the Secretary showing
22 that an article was inspected and passed in accordance with
23 this Act.

24 “(n) The term ‘official certificate’ means any certificate
25 prescribed by regulations of the Secretary for issuance by an

1 inspector or other person performing official functions under
2 this Act.

3 “(o) The term ‘official device’ means any device pre-
4 scribed or authorized by the Secretary for use in applying
5 any official mark.

6 “(p) The term ‘official establishment’ means any estab-
7 lishment as determined by the Secretary at which inspection
8 of the slaughter of poultry, or the processing of poultry prod-
9 ucts, is maintained under the authority of this Act.

10 “(q) The term ‘inspection service’ means the official
11 Government service within the Department of Agriculture
12 designated by the Secretary as having the responsibility for
13 carrying out the provisions of this Act.

14 “(r) The term ‘container’ or ‘package’ includes any box,
15 can, tin, cloth, plastic, or other receptacle, wrapper, or cover.

16 “(s) The term ‘label’ means a display of written,
17 printed, or graphic matter upon any article or the immediate
18 container (not including package liners) of any article; and
19 the term ‘labeling’ means all labels and other written,
20 printed, or graphic matter (1) upon any article or any of
21 its containers or wrappers, or (2) accompanying such
22 article.

23 “(t) The term ‘shipping container’ means any container
24 used or intended for use in packaging the product packed in
25 an immediate container.

1 “(u) The term ‘immediate container’ includes any con-
2 sumer package; or any other container in which poultry
3 products, not consumer packaged, are packed.

4 “(v) The term ‘capable of use as human food’ shall
5 apply to any carcass, or part or product of a carcass, of any
6 poultry, unless it is denatured or otherwise identified as re-
7 quired by regulations prescribed by the Secretary to deter its
8 use as human food, or it is naturally inedible by humans.

9 “(w) The term ‘processed’ means slaughtered, canned,
10 salted, stuffed, rendered, boned, cut up, or otherwise manu-
11 factured or processed.

12 “(x) The term ‘Federal Food, Drug, and Cosmetic
13 Act’ means the Act so entitled, approved June 25, 1938
14 (52 Stat. 1040), and Acts amendatory thereof or supple-
15 mentary thereto.

16 “(y) The terms ‘pesticide chemical’, ‘food additive’,
17 ‘color additive’, and ‘raw agricultural commodity’ shall have
18 the same meanings for purposes of this Act as under the
19 Federal Food, Drug, and Cosmetic Act.

20 “(z) The term ‘poultry products broker’ means any
21 person engaged in the business of buying or selling poultry
22 products on commission, or otherwise negotiating purchases
23 or sales of such articles other than for his own account or as
24 an employee of another person.

25 “(aa) The term ‘renderer’ means any person engaged

1 in the business of rendering carcasses, or parts or products
2 of the carcasses, of poultry, except rendering conducted
3 under inspection or exemption under this Act.

4 “(bb) The term ‘animal food manufacturer’ means any
5 person engaged in the business of manufacturing or process-
6 ing animal food derived wholly or in part from carcasses, or
7 parts or products of the carcasses, of poultry.”

8 SEC. 5. Section 5 of said Act (21 U.S.C. 454) is hereby
9 amended to read:

10 “SEC. 5. (a) It is the policy of the Congress to protect
11 the consuming public from poultry products that are adulter-
12 ated or misbranded and to assist in efforts by State and other
13 Government agencies to accomplish this objective. In fur-
14 therance of this policy—

15 “(1) The Secretary is authorized, whenever he
16 determines that it would effectuate the purposes of this
17 Act, to cooperate with the appropriate State agency in
18 developing and administering a State poultry product
19 inspection program in any State which has enacted a
20 mandatory State poultry product inspection law that im-
21 poses ante-mortem and post-mortem inspection, reinspec-
22 tion and sanitation requirements that are at least equal to
23 those under this Act, with respect to all or certain classes
24 of persons engaged in the State in slaughtering poultry or

1 processing poultry products for use as human food solely
2 for distribution within such State.

3 “(2) The Secretary is further authorized, whenever
4 he determines that it would effectuate the purposes of
5 this Act, to cooperate with appropriate State agencies
6 in developing and administering State programs under
7 State laws containing authorities at least equal to those
8 provided in section 11 of this Act; and to cooperate with
9 other agencies of the United States in carrying out any
10 provisions of this Act. In carrying out the provisions of
11 this Act, the Secretary may conduct such examinations,
12 investigations, and inspections as he determines practi-
13 cable through any officer or employee of any State or
14 Territory or the District of Columbia commissioned by
15 the Secretary for such purpose.

16 “(3) Cooperation with State agencies under this
17 section may include furnishing to the appropriate State
18 agency (i) advisory assistance in planning and otherwise
19 developing an adequate State program under the State
20 law; and (ii) technical and laboratory assistance and
21 training (including necessary curricular and instruc-
22 tional materials and equipment), and financial and other
23 aid for administration of such a program. The amount
24 to be contributed to any State by the Secretary under
25 this section from Federal funds for any year shall not

1 exceed 50 per centum of the estimated total cost of the
2 cooperative program; and the Federal funds shall be
3 allocated among the States desiring to cooperate on an
4 equitable basis. Such cooperation and payment shall be
5 contingent at all times upon the administration of the
6 State program in a manner which the Secretary, in con-
7 sultation with the appropriate advisory committee ap-
8 pointed under subparagraph (4), deems adequate to
9 effectuate the purposes of this section.

10 “(4) The Secretary may appoint advisory commit-
11 tees consisting of such representatives of appropriate
12 State agencies as the Secretary and the State agencies
13 may designate to consult with him concerning State
14 and Federal programs with respect to poultry product in-
15 spection and other matters within the scope of this Act,
16 including evaluating State programs for purposes of this
17 Act and obtaining better coordination and more uni-
18 formity among the State programs and between the Fed-
19 eral and State programs and adequate protection of
20 consumers.

21 “(b) The appropriate State agency with which the
22 Secretary may cooperate under this Act shall be a single
23 agency in the State which is primarily responsible for the
24 coordination of the State programs having objectives similar
25 to those under this Act. When the State program includes

1 performance of certain functions by a municipality or other
2 subordinate governmental unit, such unit shall be deemed to
3 be a part of the State agency for purposes of this section.

4 “(c) (1) If the Secretary has reason to believe, by
5 thirty days prior to the expiration of two years after enact-
6 ment of the Wholesome Poultry Products Act, that a State
7 has failed to develop or is not enforcing, with respect to all
8 establishments within its jurisdiction (except those that
9 would be exempted from Federal inspection under subpara-
10 graph (2) of this paragraph (c)) at which poultry are
11 slaughtered, or poultry products are processed for use as
12 human food, solely for distribution within such State, and the
13 products of such establishments, requirements at least equal
14 to those imposed under sections 1-4, 6-10, and 12-22 of this
15 Act, he shall promptly notify the Governor of the State of
16 this fact. If the Secretary determines, after consultation with
17 the Governor of the State, or representative selected by him,
18 that such requirements have not been developed and acti-
19 vated, he shall promptly after the expiration of such two-
20 year period designate such State as one in which the provi-
21 sions of said sections of this Act shall apply to operations
22 and transactions wholly within such State: *Provided*, That if
23 the Secretary has reason to believe that the State will acti-
24 vate such requirements within one additional year, he may
25 delay such designation for said period, and not designate the

1 State, if he determines at the end of the year that the State
2 then has such requirements in effective operation. The Secre-
3 tary shall publish any such designation in the Federal Regis-
4 ter and, upon the expiration of thirty days after such publi-
5 cation, the provisions of said sections of this Act shall apply
6 to operations and transactions and to persons engaged there-
7 in in the State to the same extent and in the same manner
8 as if such operations and transactions were conducted in or
9 for commerce. However, notwithstanding any other provi-
10 sion of this section, if the Secretary determines that any
11 establishment within a State is producing adulterated poul-
12 try products for distribution within such State which would
13 clearly endanger the public health he shall notify the Gover-
14 nor of the State and the appropriate advisory committee
15 provided for by subparagraph (a) (4) of this section of such
16 fact for effective action under State or local law. If the State
17 does not take action to prevent such endangering of the
18 public health within a reasonable time after such notice, as
19 determined by the Secretary, in light of the risk to public
20 health, the Secretary may forthwith designate any such
21 establishment as subject to the provisions of said sections of
22 this Act, and thereupon the establishment and operator
23 thereof shall be subject to such provisions as though engaged
24 in commerce until such time as the Secretary determines that

1 such State has developed and will enforce requirements at
2 least equal to those imposed under said sections.

3 “(2) The provisions of this Act requiring inspection of
4 the slaughter of poultry and the processing of poultry prod-
5 ucts shall not apply to operations of types traditionally and
6 usually conducted at retail stores and restaurants, when con-
7 ducted at any retail store or restaurant or similar retail-type
8 establishment for sale in normal retail quantities or service
9 of such articles to consumers at such establishments if such
10 establishments are subject to such inspection provisions only
11 under this paragraph (c).

12 “(3) Whenever the Secretary determines that any State
13 designated under this paragraph (c) has developed and will
14 enforce State poultry products inspection requirements at
15 least equal to those imposed under the aforesaid sections of
16 this Act, with respect to the operations and transactions
17 within such State which are regulated under subparagraph
18 (1) of this paragraph (c), he shall terminate the designation
19 of such State under this paragraph (c), but this shall not
20 preclude the subsequent redesignation of the State at any
21 time upon thirty days’ notice to the Governor and publication
22 in the Federal Register in accordance with this paragraph.
23 and any State may be designated upon such notice and
24 publication, at any time after the period specified in this
25 paragraph whether or not the State has theretofore been

1 designated, upon the Secretary determining that it is not
2 effectively enforcing requirements at least equal to those
3 imposed under said sections.

4 “(4) The Secretary shall promptly upon enactment of
5 the Wholesome Poultry Products Act, and periodically there-
6 after, but at least annually, review the requirements, includ-
7 ing the enforcement thereof, of the several States not desig-
8 nated under this paragraph (c), with respect to the slaugh-
9 ter, and the processing, storage, handling, and distribution of
10 poultry products, and inspection of such operations, and
11 annually report thereon to the Committee on Agriculture of
12 the House of Representatives and the Committee on Agriculture
13 and Forestry of the Senate in the report required in sec-
14 tion 27 of the Wholesome Poultry Products Act.

15 “(d) As used in this section, the term ‘State’ means
16 any State (including the Commonwealth of Puerto Rico) or
17 organized territory.”

18 SEC. 6. Section 6 of said Act (21 U.S.C. 455) is
19 hereby amended as follows:

20 (a) Paragraph (a) is amended to read:

21 “(a) For the purpose of preventing the entry into or
22 flow or movement in commerce of, or the burdening of
23 commerce by, any poultry product which is capable of use
24 as human food and is adulterated, the Secretary shall, where
25 and to the extent considered by him necessary, cause to be

1 made by inspectors ante mortem inspection of poultry in
2 each official establishment processing poultry or poultry
3 products for commerce or otherwise subject to inspection
4 under this Act."

5 (b) Paragraph (b) is amended by deleting the phrase
6 "in, or for marketing in a designated city or area" and sub-
7 stituting the phrase "otherwise subject to inspection under
8 this Act"; by inserting the word "and" before the word
9 "reinspection"; and by inserting the phrase "capable of use
10 as human food" after the phrase "poultry products" the
11 first time the latter phrase appears in the paragraph.

12 (c) Paragraph (c) is amended by deleting the phrase
13 "unwholesome or" and the phrase "not unwholesome and"
14 each time they appear therein; and by inserting the word
15 "other" before the phrase "poultry products".

16 SEC. 7. In section 7 of said Act (21 U.S.C. 456) para-
17 graph (a) is hereby amended by deleting the phrase "in or
18 for marketing in a designated major consuming area" and
19 substituting the phrase "otherwise subject to inspection under
20 this Act"; by deleting the phrase "in a designated major
21 consuming area" and substituting the phrase "burdensome
22 effect upon commerce"; and by deleting the phrase "un-
23 wholesome or".

24 SEC. 8. Section 8 of said Act (21 U.S.C. 457) is hereby
25 amended to read:

1 “SEC. 8. (a) All poultry products inspected at any offi-
2 cial establishment under the authority of this Act and found
3 to be not adulterated, shall at the time they leave the estab-
4 lishment bear, in distinctly legible form, on their shipping
5 containers and immediate containers, and in the case of non-
6 consumer packaged carcasses directly thereon, as the Secre-
7 tary may require, the information required under paragraph
8 (h) of section 4 of this Act.

9 “(b) The Secretary, whenever he determines such ac-
10 tion is necessary for the protection of the public, may pre-
11 scribe: (1) the styles and sizes of type to be used with respect
12 to material required to be incorporated in labeling to avoid
13 false or misleading labeling in marketing and labeling any
14 articles or poultry subject to this Act; (2) definitions and
15 standards of identity or composition or articles subject to this
16 Act and standards of fill of container for such articles not in-
17 consistent with any such standards established under the
18 Federal Food, Drug, and Cosmetic Act, and there shall be
19 consultation between the Secretary and the Secretary of
20 Health, Education, and Welfare prior to the issuance of such
21 standards under either Act relating to articles subject to this
22 Act to avoid inconsistency in such standards and possible
23 impairment of the coordinated effective administration of
24 these Acts. There shall also be consultation between the Sec-

1 retary and an appropriate advisory committee provided for
2 in section 5 of this Act, prior to the issuance of such stand-
3 ards under this Act, to avoid, insofar as feasible, inconsistency
4 between Federal and State standards.

5 “(c) No article subject to this Act shall be sold or offered
6 for sale by any person in commerce, under any name or
7 other marking or labeling which is false or misleading, or in
8 any container of a misleading form or size, but established
9 trade names and other marking and labeling and containers
10 which are not false or misleading and which are approved
11 by the Secretary are permitted.

12 “(d) If the Secretary has reason to believe that any
13 marking or labeling or the size or form of any container in
14 use or proposed for use with respect to any article subject
15 to this Act is false or misleading in any particular, he may
16 direct that such use be withheld unless the marking, label-
17 ing, or container is modified in such manner as he may pre-
18 scribe so that it will not be false or misleading. If the person
19 using or proposing to use the marking, labeling, or container
20 does not accept the determination of the Secretary, such
21 person may request a hearing, but the use of the marking,
22 labeling, or container shall, if the Secretary so directs, be
23 withheld pending hearing and final determination by the
24 Secretary. Any such determination by the Secretary shall
25 be conclusive unless, within thirty days after receipt of

1 notice of such final determination, the person adversely
2 affected thereby appeals to the United States Court of Ap-
3 peals for the circuit in which such person has its principal
4 place of business or to the United States Court of Appeals
5 for the District of Columbia Circuit. The provisions of sec-
6 tion 204 of the Packers and Stockyards Act, 1921 (42
7 Stat. 162, as amended; 7 U.S.C. 194), shall be applicable
8 to appeals taken under this section.”

9 SEC. 9. Section 9 of said Act (21 U.S.C. 458) is
10 amended to read:

11 “SEC. 9. (a) No person shall knowingly—

12 “(1) slaughter any poultry or process any poultry
13 products which are capable of use as human food at any
14 establishment processing any such articles for commerce,
15 except in compliance with the requirements of this Act;

16 “(2) sell, transport, offer for sale or transportation,
17 or receive for transportation, in commerce, (A) any
18 poultry products which are capable of use as human food
19 and are adulterated or misbranded at the time of such
20 sale, transportation, offer for sale or transportation, or
21 receipt for transportation; or (B) any poultry products
22 required to be inspected under this Act unless they have
23 been so inspected and passed;

24 “(3) do, with respect to any poultry products which

1 are capable of use as human food, any act while they
2 are being transported in commerce or held for sale after
3 such transportation, which is intended to cause or has
4 the effect of causing such products to be adulterated or
5 misbranded;

6 “(4) sell, transport, offer for sale or transporta-
7 tion, or receive for transportation, in commerce or from
8 an official establishment, any slaughtered poultry from
9 which the blood, feathers, feet, head, or viscera have
10 not been removed in accordance with regulations pro-
11 mulgated by the Secretary, except as may be authorized
12 by regulations of the Secretary;

13 “(5) use to his own advantage, or reveal other
14 than to the authorized representatives of the United
15 States Government or any State or other government
16 in their official capacity, or as ordered by a court in any
17 judicial proceedings, any information acquired under the
18 authority of this Act concerning any matter which is
19 entitled to protection as a trade secret.

20 “(b) No brand manufacturer, printer, or other person
21 shall cast, print, lithograph, or otherwise make any device
22 containing any official mark or simulation thereof, or any
23 label bearing any such mark or simulation, or any form of
24 official certificate or simulation thereof, except as authorized
25 by the Secretary.

1 “(c) No person shall—

2 “(1) forge any official device, mark, or certificate;

3 “(2) without authorization from the Secretary use
4 any official device, mark, or certificate, or simulation
5 thereof, or alter, detach, deface, or destroy any official
6 device, mark, or certificate;

7 “(3) contrary to the regulations prescribed by the
8 Secretary, fail to use, or to detach, deface, or destroy any
9 official device, mark, or certificate;

10 “(4) knowingly possess, without promptly notify-
11 ing the Secretary or his representative, any official de-
12 vice or any counterfeit, simulated, forged, or improperly
13 altered official certificate or any device or label or any
14 carcass of any poultry, or part or product thereof, bear-
15 ing any counterfeit, simulated, forged, or improperly
16 altered official mark;

17 “(5) knowingly make any false statement in any
18 shippers certificate or other nonofficial or official certifi-
19 cate provided for in the regulations prescribed by the
20 Secretary; or

21 “(6) knowingly represent that any article has been
22 inspected and passed, or exempted, under this Act when,
23 in fact, it has, respectively, not been so inspected and
24 passed, or exempted.”

1 SEC. 10. Section 10 of said Act (21 U.S.C. 459) is
2 hereby amended by deleting the phrase "in or for marketing
3 in a designated major consuming area" and substituting the
4 phrase "otherwise subject to this Act".

5 SEC. 11. Section 11 of said Act (21 U.S.C. 460) is
6 hereby amended to read:

7 "(a) Inspection shall not be provided under this Act
8 at any establishment for the slaughter of poultry or the
9 processing of any carcasses or parts or products of poultry,
10 which are not intended for use as human food, but such
11 articles shall, prior to their offer for sale or transportation
12 in commerce, unless naturally inedible by humans, be de-
13 natured or otherwise identified as prescribed by regulations
14 of the Secretary to deter their use for human food. No person
15 shall buy, sell, transport, or offer for sale or transportation,
16 or receive for transportation, in commerce, or import, any
17 poultry carcasses or parts or products thereof which are not
18 intended for use as human food unless they are denatured or
19 otherwise identified as required by the regulations of the
20 Secretary or are naturally inedible by humans.

21 "(b) The following classes of persons shall, for such
22 period of time as the Secretary may by regulations prescribe,
23 not to exceed two years unless otherwise directed by the Sec-
24 retary for good cause shown, keep such records as are proper-
25 ly necessary for the effective enforcement of this Act in order

1 to insure against adulterated or misbranded poultry products
2 for the American consumer; and all persons subject to such
3 requirements shall, at all reasonable times, upon notice by a
4 duly authorized representative of the Secretary, afford such
5 representative access to their places of business and opportu-
6 nity to examine the facilities, inventory, and records thereof,
7 to copy all such records, and to take reasonable samples of
8 their inventory upon payment of the fair market value
9 therefor—

10 “(1) Any person that engages in the business of
11 slaughtering any poultry or processing, freezing, packag-
12 ing, or labeling any carcasses, or parts or products of
13 carcasses, of any poultry, for commerce, for use as human
14 food or animal food;

15 “(2) Any person that engages in the business of
16 buying or selling (as poultry products brokers, whole-
17 salers or otherwise), or transporting, in commerce, or
18 storing in or for commerce, or importing, any carcasses,
19 or parts or products of carcasses, of any poultry;

20 “(3) Any person that engages in business, in or
21 for commerce, as a renderer, or engages in the business
22 of buying, selling, or transporting, in commerce, or im-
23 porting, any dead, dying, disabled, or diseased poultry
24 or parts of the carcasses of any poultry that died other-
25 wise than by slaughter.

1 “(c) No person shall engage in business, in or for com-
2 merce, as a poultry products broker, renderer, or animal food
3 manufacturer, or engage in business in commerce as a whole-
4 saler of any carcasses, or parts or products of the carcasses,
5 of any poultry, whether intended for human food or other
6 purposes, or engage in business as a public warehouseman
7 storing any such articles in or for commerce, or engage in
8 the business of buying, selling, or transporting in commerce,
9 or importing, any dead, dying, disabled, or diseased poultry,
10 or parts of the carcasses of any poultry that died otherwise
11 than by slaughter, unless, when required by regulations of
12 the Secretary, he has registered with the Secretary his name,
13 and the address of each place of business at which, and all
14 trade names under which, he conducts such business.

15 “(d) No person engaged in the business of buying, sell-
16 ing, or transporting in commerce, or importing, dead, dying,
17 disabled, or diseased poultry, or any parts of the carcasses of
18 any poultry that died otherwise than by slaughter, shall buy,
19 sell, transport, offer for sale or transportation, or receive for
20 transportation, in commerce, or import, any dead, dying, dis-
21 abled, or diseased poultry or parts of the carcasses of any
22 poultry that died otherwise than by slaughter, unless such
23 transaction, transportation or importation is made in accord-
24 ance with such regulations as the Secretary may prescribe to
25 assure that such poultry, or the unwholesome parts or prod-

1 ucts thereof, will be prevented from being used for human
2 food.

3 “(e) The authority conferred on the Secretary by para-
4 graph (b), (c), or (d) of this section with respect to per-
5 sons engaged in the specified kinds of business in or for
6 commerce may be exercised with respect to persons engaged,
7 in any State or organized territory, in such kinds of business
8 but not in or for commerce, whenever the Secretary deter-
9 mines, after consultation with an appropriate advisory com-
10 mittee provided for in section 5 of this Act, that the State or
11 territory does not have at least equal authority under its
12 laws or such authority is not exercised in a manner to effec-
13 tuate the purposes of this Act, including the State or territory
14 providing for the Secretary or his representative being af-
15 farded access to such places of business and the facilities,
16 inventories, and records thereof, and the taking of reasonable
17 samples, where he determines necessary in carrying out his
18 responsibilities under this Act; and in such case the pro-
19 visions of paragraph (b), (c), or (d) of this section, re-
20 spectively, shall apply to such persons to the same extent and
21 in the same manner as if they were engaged in such busi-
22 ness in or for commerce and the transactions involved were
23 in commerce.”

24 SEC. 12. Section 12 of said Act (21 U.S.C. 461) is
25 hereby amended as follows:

1 (a) Paragraph (a) is amended by changing the first
2 sentence to read:

3 “Any person who violates the provisions of section 9,
4 10, 11, 14, or 17 of this Act shall be fined not more than
5 \$1,000 or imprisoned not more than one year, or both;
6 but if such violation involves intent to defraud, or any dis-
7 tribution or attempted distribution of an article that is adulter-
8 ated (except as defined in section 4 (g) (8) of this Act),
9 such person shall be fined not more than \$10,000 or impris-
10 oned not more than three years, or both.”

11 (b) Paragraph (b) is amended by deleting the phrase
12 “not otherwise eligible” and substituting the phrase “other-
13 wise not eligible”; by deleting the word “slaughtered” each
14 time it appears; and by adding the following before the
15 period at the end of the paragraph: “or unless the carrier
16 refuses to furnish on request of a representative of the Seere-
17 tary the name and address of the person from whom he re-
18 ceived such poultry or poultry products, and copies of all
19 documents, if any there be, pertaining to the delivery of
20 the poultry or poultry products to such carrier”.

21 (e) A new paragraph (e) is added to read:

22 “(e) Any person who forcibly assaults, resists, opposes,
23 impedes, intimidates, or interferes with any person while
24 engaged in or on account of the performance of his official
25 duties under this Act shall be fined not more than \$5,000

1 or imprisoned not more than three years, or both. Who-
2 ever, in the commission of any such acts, uses a deadly or
3 dangerous weapon, shall be fined not more than \$10,000
4 or imprisoned not more than ten years, or both. Whoever
5 kills any person while engaged in or on account of the per-
6 formance of his official duties under this Act shall be punished
7 as provided under sections 1111 and 1114 of title 18,
8 United States Code.”

9 SEC. 13. Section 14 of said Act (21 U.S.C. 463) is
10 hereby amended by designating the present provisions thereof
11 as paragraph (b) ; by inserting the word “other” before the
12 word “rules” in said paragraph; and by adding a new para-
13 graph (a) to read:

14 “(a) The Secretary may by regulations prescribe con-
15 ditions under which poultry products capable of use as human
16 food, shall be stored or otherwise handled by any person en-
17 gaged in the business of buying, selling, freezing, storing, or
18 transporting, in or for commerce, or importing, such articles,
19 whenever the Secretary deems such action necessary to as-
20 sure that such articles will not be adulterated or misbranded
21 when delivered to the consumer. Violation of any such regu-
22 lation is prohibited. However, such regulations shall not
23 apply to the storage or handling of such articles at any retail
24 store or other establishment in any State or organized Terri-
25 tory that would be subject to this section only because of pur-

1 chases in commerce, if the storage and handling of such
2 articles at such establishment is regulated under the laws of
3 the State or Territory in which such establishment is located,
4 in a manner which the Secretary, after consultation with the
5 appropriate advisory committee provided for in section 5 of
6 this Act, determines is adequate to effectuate the purposes of
7 this section.”

8 SEC. 14. Section 15 of said Act (21 U.S.C. 464) is
9 hereby amended as follows:

10 (a) In paragraph (a), subparagraph (1) is deleted
11 and subparagraphs (2), (3), and (4) are redesignated,
12 respectively, as subparagraphs (1), (2), and (3);

13 (b) In paragraph (a), in redesignated subparagraph
14 (2) (formerly (3)), the date “July 1, 1960” is deleted and
15 the date “January 1, 1970” is substituted therefor;

16 (c) Paragraph (b) is redesignated as paragraph (e)
17 and new paragraphs (b), (c), and (d) are added to read:

18 “(b) The Secretary may, under such sanitary conditions
19 as he may by regulations prescribe, exempt from the inspec-
20 tion requirements of this Act the slaughter of poultry, and
21 the processing of poultry products, by any person in any
22 Territory not organized with a legislative body, solely for
23 distribution within such Territory, when the Secretary deter-
24 mines that it is impracticable to provide such inspection with-
25 in the limits of funds appropriated for administration of this

1 Act and that such exemption will aid in the effective adminis-
2 tration of this Act.

3 “(c) (1) The provisions of this Act shall not apply to
4 (i) poultry producers with respect to poultry of their own
5 raising on their own farms: *Provided*, That the wholesale
6 dressed value of such poultry which they slaughter on said
7 farms does not exceed \$15,000 during the current calendar
8 year: *Provided further*, That such poultry producers do not
9 engage in buying or selling poultry products other than those
10 produced from poultry raised on their own farms: *Provided*
11 *further*, That none of such poultry moves in commerce (as
12 defined in section 4 (a) of this Act) : *Provided further*, That
13 such producers do not engage in selling dressed poultry or
14 poultry products which are not sound, healthful, clean, and
15 otherwise fit for human food; nor (ii) to any person who
16 slaughters, processes, or sells poultry the wholesale dressed
17 value of which does not exceed \$15,000 during the current
18 calendar year: *Provided*, That none of such poultry moves in
19 commerce (as defined in section 4 (a) of this Act) : *Pro-*
20 *vided further*, That such persons do not engage in selling
21 dressed poultry or poultry products which are not sound,
22 healthful, clean, and otherwise fit for human food; nor (iii)
23 to the slaughtering by any person of poultry of his own rais-
24 ing, and the processing by him and transportation in com-
25 merce of the poultry products exclusively for use by him and

1 members of his household and his nonpaying guests and em-
2 ployees; nor (iv) to the custom slaughter by any person of
3 poultry delivered by the owner thereof for such slaughter,
4 and the processing by such slaughterer and transportation in
5 commerce of the poultry products exclusively for use, in the
6 household of such owner, by him and members of his house-
7 hold and his nonpaying guests and employees: *Provided*,
8 That such custom slaughterer does not engage in the business
9 of buying or selling any poultry products capable of use as
10 human food.

11 “ (2) In addition to the specific exemptions provided herein
12 the Secretary shall, when he determines that the protection of
13 consumers from adulterated or misbranded poultry products
14 will not be impaired by such action, provide by regulation for
15 further exempting the operation and products of small enter-
16 prises (including poultry producers) engaged in slaughter-
17 ing and/or cutting up poultry for distribution as carcasses or
18 parts thereof, which are subject to the provisions of this
19 Act only under section 5 (c) from such provisions of this Act
20 as he deems appropriate, while still protecting the public from
21 adulterated or misbranded products, under such conditions,
22 including sanitary requirements, as he shall prescribe to effec-
23 tuate the purposes of this Act: *Provided*, That any such fur-
24 ther exemption may be revoked by the Secretary with respect
25 to any establishment if he determines that the operations of an

35

1 establishment under the exemption have resulted or will result
2 in the distribution of adulterated or misbranded poultry
3 products or that the operator of the establishment has failed
4 to comply with the conditions of exemption.

5 “(d) The adulteration and misbranding provisions of
6 this Act, other than the requirement of the inspection legend,
7 shall apply to articles which are exempted from inspection
8 or not required to be inspected under this section, except
9 as otherwise specified under paragraphs (a) and (c).”

10 SEC. 15. Section 16 of said Act (21 U.S.C. 465) is
11 hereby amended to read:

12 “SEC. 16. The Secretary may limit the entry of poultry
13 products and other materials into any official establishment,
14 under such conditions as he may prescribe to assure that
15 allowing the entry of such articles into such inspected estab-
16 lishments will be consistent with the purposes of this Act.”

17 SEC. 16. Section 18 of said Act (21 U.S.C. 467) is
18 hereby amended to read:

19 “SEC. 18. (a) The Secretary may (for such period, or
20 indefinitely, as he deems necessary to effectuate the purposes
21 of this Act) refuse to provide, or withdraw, inspection service
22 under this Act with respect to any establishment if he de-
23 termines, after opportunity for a hearing is accorded to the
24 applicant for, or recipient of, such service, that such ap-

1 plicant or recipient is unfit to engage in any business re-
2 quiring inspection under this Act because the applicant or
3 recipient or anyone responsibly connected with the applicant
4 or recipient, has been convicted, in any Federal or State
5 court, within the previous ten years of (1) any felony or
6 more than one misdemeanor under any law based upon the
7 acquiring, handling, or distributing of adulterated, mislabeled,
8 or deceptively packaged food or fraud in connection with
9 transactions in food; or (2) any felony, involving fraud,
10 bribery, extortion, or any other act or circumstance indicating
11 a lack of the integrity needed for the conduct of operations
12 affecting the public health. For the purpose of this paragraph
13 a person shall be deemed to be responsibly connected with
14 the business if he was a partner, officer, director, holder, or
15 owner of 10 per centum or more of its voting stock or
16 employee in a managerial or executive capacity.

17 “(b) Upon the withdrawal of inspection service from
18 any official establishment for failure to destroy condemned
19 poultry products as required under section 6 of this Act, or
20 other failure of an official establishment to comply with the
21 requirements as to premises, facilities, or equipment, or the
22 operation thereof, as provided in section 7 of this Act, or the
23 refusal of inspection service to any applicant therefor be-
24 cause of failure to comply with any requirements under
25 section 7, the applicant for, or recipient of, the service shall,

37

1 upon request, be afforded opportunity for a hearing with
2 respect to the merits or validity of such action; but such
3 withdrawal or refusal shall continue in effect unless other-
4 wise ordered by the Secretary.

5 “(c) The determination and order of the Secretary
6 when made after opportunity for hearing, with respect to
7 withdrawal or refusal of inspection service under this Act
8 shall be final and conclusive unless the affected applicant for,
9 or recipient of, inspection service files application for judicial
10 review within thirty days after the effective date of such
11 order in the United States Court of Appeals as provided in
12 section 8 of this Act. Judicial review of any such order
13 shall be upon the record upon which the determination and
14 order are based. The provisions of section 204 of the
15 Packers and Stockyards Act of 1921, as amended, shall be
16 applicable to appeals taken under this section.”

17 SEC. 17. Sections 19 through 22 of said Act (21 U.S.C.
18 468, 469, 451 note) are hereby redesignated as sections 25,
19 26, 28, and 29, respectively, and new sections 19, 20, 21,
20 22, 23, 24, and 27 are added to the Act to read, respectively:

21 “SEC. 19. Whenever any poultry product, or any prod-
22 uct exempted from the definition of a poultry product, or any
23 dead, dying, disabled, or diseased poultry is found by any
24 authorized representative of the Secretary upon any premises
25 where it is held for purposes of, or during or after distribution

1 in, commerce or otherwise subject to this Act, and there is
2 reason to believe that any such article is adulterated or mis-
3 branded and is capable of use as human food, or that it has
4 not been inspected, in violation of the provisions of this Act
5 or of any other Federal law or the laws of any State or
6 Territory, or the District of Columbia, or that it has been
7 or is intended to be, distributed in violation of any such
8 provisions, it may be detained by such representative for a
9 period not to exceed twenty days, pending action under
10 section 20 of this Act or notification of any Federal, State,
11 or other governmental authorities having jurisdiction over
12 such article or poultry, and shall not be moved by any person,
13 from the place at which it is located when so detained, until
14 released by such representative. All official marks may be
15 required by such representative to be removed from such
16 article or poultry before it is released unless it appears to
17 the satisfaction of the Secretary that the article or poultry is
18 eligible to retain such marks.

19 "SEC. 20. (a) Any poultry product, or any dead,
20 dying, disabled, or diseased poultry, that is being transported
21 in commerce or otherwise subject to this Act, or is held
22 for sale in the United States after such transportation, and
23 that (1) is or has been processed, sold, transported, or
24 otherwise distributed or offered or received for distribution
25 in violation of this Act, or (2) is capable of use as human

1 food and is adulterated or misbranded, or (3) in any other
2 way is in violation of this Act, shall be liable to be proceeded
3 against and seized and condemned, at any time, on a libel
4 of information in any United States district court or other
5 proper court as provided in section 21 of this Act within the
6 jurisdiction of which the article or poultry is found. If the
7 article or poultry is condemned it shall, after entry of the
8 decree, be disposed of by destruction or sale as the court
9 may direct and the proceeds, if sold, less the court costs and
10 fees, and storage and other proper expenses, shall be paid
11 into the Treasury of the United States, but the article or
12 poultry shall not be sold contrary to the provisions of this
13 Act, or the laws of the jurisdiction in which it is sold:
14 *Provided*, That upon the execution and delivery of a good
15 and sufficient bond conditioned that the article or poultry
16 shall not be sold or otherwise disposed of contrary to the
17 provisions of this Act, or the laws of the jurisdiction in which
18 disposal is made, the court may direct that such article or
19 poultry be delivered to the owner thereof subject to such
20 supervision by authorized representatives of the Secretary as
21 is necessary to insure compliance with the applicable laws.
22 When a decree of condemnation is entered against the article
23 or poultry and it is released under bond, or destroyed, court
24 costs and fees, and storage and other proper expenses shall
25 be awarded against the person, if any, intervening as claimant

1 of the article or poultry. The proceedings in such libel cases
2 shall conform, as nearly as may be, to the proceedings in
3 admiralty, except that either party may demand trial by
4 jury of any issue of fact joined in any case, and all such
5 proceedings shall be at the suit of and in the name of the
6 United States.

7 “(b) The provisions of this section shall in no way
8 derogate from authority for condemnation or seizure con-
9 ferred by other provisions of this Act, or other laws.

10 “SEC. 21. The United States district courts, the District
11 Court of Guam, the District Court of the Virgin Islands, the
12 highest court of American Samoa, and the United States
13 courts of the other territories, are vested with jurisdiction
14 specifically to enforce, and to prevent and restrain violations
15 of, this Act, and shall have jurisdiction in all other kinds of
16 cases arising under this Act, except as provided in section
17 8 (d) or 18 of this Act. All proceedings for the enforcement
18 or to restrain violations of this Act shall be by and in the
19 name of the United States. Subpenas for witnesses who are
20 required to attend a court of the United States, in any district,
21 may run into any other district in any such proceeding.

22 “SEC. 22. For the efficient administration and enforce-
23 ment of this Act, the provisions (including penalties) of
24 sections 6, 8, 9, and 10 of the Federal Trade Commission
25 Act, as amended (38 Stat. 721-723, as amended; 15 U.S.C.

1 46, 48, 49, and 50) (except paragraphs (c) through (h)
2 of section 6 and the last paragraph of section 9), and the
3 provisions of subsection 409 (1) of the Communications Act
4 of 1934 (48 Stat. 1096, as amended; 47 U.S.C. 409 (1)),
5 are made applicable to the jurisdiction, powers, and duties
6 of the Secretary in administering and enforcing the provi-
7 sions of this Act and to any person with respect to whom
8 such authority is exercised. The Secretary, in person or by
9 such agents as he may designate, may prosecute any inquiry
10 necessary to his duties under this Act in any part of the
11 United States, and the powers conferred by said sections 9
12 and 10 of the Federal Trade Commission Act as amended
13 on the district courts of the United States may be exercised
14 for the purposes of this Act by any court designated in section
15 21 of this Act.

16 "SEC. 23. Requirements within the scope of this Act
17 with respect to premises, facilities and operations of any
18 official establishment, which are in addition to, or different
19 than those made under this Act may not be imposed by any
20 State or Territory or the District of Columbia, except that
21 any such jurisdiction may impose recordkeeping and other
22 requirements within the scope of paragraph (b) of section
23 11 of this Act, if consistent therewith, with respect to any
24 such establishment. Marking, labeling, packaging, or ingredi-
25 ent requirements in addition to, or different than, those made

1 under this Act may not be imposed by any State or Territory
2 or the District of Columbia with respect to articles prepared
3 at any official establishment in accordance with the require-
4 ments under this Act, but any State or Territory or the Dis-
5 trict of Columbia may, consistent with the requirements
6 under this Act, exercise concurrent jurisdiction with the
7 Secretary over articles required to be inspected under this
8 Act, for the purpose of preventing the distribution for human
9 food purposes of any such articles which are adulterated or
10 misbranded and are outside of such an establishment, or, in
11 the case of imported articles which are not at such an estab-
12 lishment, after their entry into the United States. This Act
13 shall not preclude any State or Territory or the District of
14 Columbia from making requirement or taking other action,
15 consistent with this Act, with respect to any other matters
16 regulated under this Act.

17 “SEC. 24. (a) Poultry and poultry products shall be
18 exempt from the provisions of the Federal Food, Drug, and
19 Cosmetic Act to the extent of the application or extension
20 thereto of the provisions of this Act, except that the pro-
21 visions of this Act shall not derogate from any authority
22 conferred by the Federal Food, Drug, and Cosmetic Act
23 prior to enactment of the Wholesome Poultry Products Act.

24 “(b) The detainer authority conferred by section 19 of
25 this Act shall apply to any authorized representative of the

1 Secretary of Health, Education, and Welfare for purposes
2 of the enforcement of the Federal Food, Drug, and Cosmetic
3 Act with respect to any poultry carcass, or part or product
4 thereof, that is outside any official establishment, and for
5 such purposes the first reference to the Secretary in section
6 19 shall be deemed to refer to the Secretary of Health,
7 Education, and Welfare.

8 "SEC. 27. The Secretary shall annually report to the
9 Committee on Agriculture of the House of Representatives
10 and the Committee on Agriculture and Forestry of the Senate
11 with respect to the slaughter of poultry subject to this Act,
12 and the preparation, storage, handling, and distribution of
13 poultry parts, poultry products, and inspection of establish-
14 ments operated in connection therewith, including the oper-
15 ations under and the effectiveness of this Act."

16 SEC. 18. The heading "**Designation**" preceding sec-
17 tion 5 of said Act is hereby amended to read "**Federal**
18 **and State cooperation**"; the heading "**Labeling**" preceding
19 section 8 of said Act is hereby amended to read "**Labeling**
20 **and containers; standards**"; the heading "**Records of**
21 **interstate shipment**" preceding section 11 of said Act is
22 hereby amended to read "**Articles not intended for human**
23 **food; record and related requirements for processors of**
24 **poultry products and related industries engaged in com-**
25 **merce; registration requirements for related industries en-**

1 gaged in commerce; regulation of transactions in com-
2 merce in dead, dying, disabled, or diseased poultry and
3 carcasses thereof; authority to regulate comparable intra-
4 state activities”; and the heading “Violations by exempted
5 persons” preceding section 16 of said Act is hereby amended
6 to read “**Entry of materials into official establishments.**”

7 SEC. 19. If any provisions of this Act or of the amend-
8 ments made hereby or the application thereof to any person
9 or circumstances is held invalid, the validity of the remainder
10 of the Act and the remaining amendments and of the appli-
11 cation of such provision to other persons and circumstances
12 shall not be affected thereby.

13 SEC. 20. This Act shall become effective upon enact-
14 ment except as provided in paragraphs (a) through (c) :

15 (a) The provisions of subparagraphs (a) (2) (A) and
16 (a) (3) of section 9 of the Poultry Products Inspection Act
17 and the provisions of section 17 of said Act, as amended by
18 sections 9 and 16 of this Act, shall become effective upon the
19 expiration of sixty days after enactment hereof.

20 (b) Section 14 of this Act, amending section 15 of the
21 Poultry Products Inspection Act, shall become effective upon
22 the expiration of sixty days after enactment hereof.

23 (c) Paragraph 11 (d) of the Poultry Products Inspec-

1 tion Act, as added by section 11 of this Act, shall become
2 effective upon the expiration of sixty days after enactment
3 hereof.

Passed the House of Representatives June 13, 1968.

Attest:

W. PAT JENNINGS,

Clerk.

STAFF EXPLANATION OF POULTRY INSPECTION BILLS
BEFORE THE COMMITTEE

H.R. 16363 and S. 2932 would amend the Poultry Products Inspection Act to—

(1) authorize Federal assistance (including grants to State poultry inspection programs, such assistance not to exceed 50 percent of the cost of the cooperative program ;

(2) extend Federal inspection to intrastate transactions in States which fail to develop adequate State systems in two years (or three years if at the end of two years it appears that the State will develop an adequate system) ;

(3) provide immediate authority to extend Federal inspection to intrastate plants producing adulterated products which endanger the public where the State does not remove such danger ;

(4) prohibit commerce in poultry products not intended for human use, unless denatured ;

(5) extended the present record-keeping provision to additional persons (including those dealing in dead, dying, disabled, or diseased poultry) and enlarge it to cover facility and inventory examination ;

(6) provide for registration of certain persons dealing in poultry (including those dealing in dead, dying, disabled, or diseased poultry) ;

(7) provide for regulation of dealers in dead, dying, disabled, or diseased poultry ;

(8) authorize regulation of poultry product storage ;

(9) modify exemptions ;

(10) provide for withdrawal of service, detention, seizure and condemnation, injunction, and investigation as new enforcement tools ; and

(11) otherwise revise the Poultry Products Inspection Act.

H.R. 16363 and S. 2932 differ in various respects, including the following :

(1) *S. 2932* would permit products meeting at least equal State requirements to move in interstate commerce ; and

(2) *H.R. 16363* would exempt any person slaughtering, processing, or selling in intrastate commerce up to \$15,000 worth of poultry annually, and permit the Secretary to increase the \$15,000 limit in certain circumstances for slaughterers and cutters.

S. 2846 would extend Federal inspection to all poultry and poultry products intended for human consumption.

Title I of S. 3383 would extend Federal inspection to intrastate commerce, subject to subsequent exemption if the State were enforcing an inspection law at least equal to the Federal law. *Title I of S. 3383* would otherwise revise the Poultry Products Inspection Act generally along the lines of *H.R. 16363* and *S. 2932*, but with many differences.

S. 3383

[90th Cong., 2d Sess.]

A BILL

To amend the Poultry Products Inspection Act in order to provide for the mandatory inspection of all poultry and poultry products intended for human food, to provide a mandatory program for the inspection and grading of eggs and egg products and for the mandatory inspection of fish and fish products, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
 2 *tives of the United States of America in Congress assembled,*

3 That this Act may be cited as the “Wholesome Poultry,
 4 Eggs, and Fish Products Act of 1968”.

5 TITLE I—AMENDMENTS TO THE POULTRY PROD-
 6 UCTS INSPECTION ACT

7 SEC. 101. The Poultry Products Inspection Act (71
 8 Stat. 441; 21 U.S.C. 451–469) is amended as follows:

1 (1) Section 2 is amended by striking out the last two
2 sentences of the first paragraph and all of the second para-
3 graph and inserting in lieu thereof the following: "Poultry
4 and poultry products not in the current of interstate or for-
5 eign commerce directly affects, burdens, or obstructs poultry
6 and poultry products which are in the current of interstate
7 commerce. That part that enters in the current of interstate
8 commerce cannot be effectively inspected and regulated under
9 this Act without also inspecting and regulating that part
10 which does not."

11 (2) Section 3 is amended to read as follows:

12 "SEC. 3. It is declared to be the policy of Congress to
13 provide for the inspection of poultry and poultry products
14 by the inspection service as herein provided to prevent the
15 transportation or marketing in the United States of poultry
16 or poultry products which are adulterated or misbranded."

17 (3) Section 4 is amended to read as follows:

18 "SEC. 4. For purposes of this Act—

19 “(a) The term ‘commerce’ means commerce within or
20 between any State, any territory, or the District of Colum-
21 bia, and any place outside thereof; or within any territory
22 not organized with a legislative body, or the District of
23 Columbia.

24 “(b) Except as otherwise provided in this Act, the

1 term 'State' means any State of the United States and the
2 Commonwealth of Puerto Rico.

3 " (c) The term 'territory' means Guam, the Virgin
4 Islands of the United States, American Samoa, and any other
5 territory or possession of the United States, excluding the
6 Canal Zone.

7 " (d) The term 'United States' means the States, the
8 District of Columbia, and the territories of the United States.

9 " (e) The term 'poultry' means any domesticated bird,
10 whether live or dead.

11 " (f) The term 'poultry product' means any poultry
12 carcass, or part thereof; or any product which is made
13 wholly or in part from any poultry carcass or part thereof,
14 excepting products which contain poultry ingredients only
15 in a relatively small proportion or historically have not
16 been considered by consumers as products of the poultry
17 food industry, and which are exempted by the Secretary
18 from definition as a poultry product under such conditions
19 as the Secretary may prescribe to assure that the poultry
20 ingredients in such products are not adulterated and that
21 such products are not represented as poultry products. Not-
22 withstanding the foregoing, such term shall also mean mar-
23 garine whenever it is manufactured in whole or in part from
24 poultry carcasses.

1 “(g) The term ‘adulterated’ shall apply to any poultry
2 product under one or more of the following circumstances:

3 “(1) if it bears or contains any poisonous or dele-
4 terious substance which may render it injurious to
5 health; but in case the substance is not an added sub-
6 stance, such product shall not be considered adulterated
7 under this clause if the quantity of such substance
8 in or on such product does not ordinarily render it in-
9 jurious to health;

10 “(2) (A) if it bears or contains (by reason of
11 administration of any substance to the live poultry or
12 otherwise) any added poisonous or added deleterious
13 substance (other than one which is (i) a pesticide
14 chemical in or on a raw agricultural commodity; (ii) a
15 food additive; or (iii) a color additive) which may, in
16 the judgment of the Secretary, make such product unfit
17 for human food;

18 “(B) if it is, in whole or in part, a raw agricultural
19 commodity and such commodity bears or contains a
20 pesticide chemical which is unsafe within the meaning
21 of section 408 of the Federal Food, Drug, and Cosmetic
22 Act;

23 “(C) if it bears or contains any food additive
24 which is unsafe within the meaning of section 409 of
25 the Federal Food, Drug, and Cosmetic Act;

1 “(D) if it bears or contains any color additive
2 which is unsafe within the meaning of section 706 of
3 the Federal Food, Drug, and Cosmetic Act: *Provided*,
4 That a product which is not otherwise deemed adul-
5 terated under clause (B), (C), or (D) shall never-
6 theless be deemed adulterated if use of the pesticide
7 chemical, food additive, or color additive in or on such
8 product is prohibited by regulations of the Secretary in
9 official establishments;

10 “(3) if it consists in whole or in part of any filthy,
11 putrid, or decomposed substance or is for any other
12 reason unsound, unhealthful, unwholesome, or otherwise
13 unfit for human food;

14 “(4) if it has been prepared, packed, or held under
15 insanitary conditions whereby it may have become con-
16 taminated with filth, or whereby it may have been
17 rendered injurious to health;

18 “(5) if it is, in whole or in part, the product of
19 any poultry which has died otherwise than by slaughter;

20 “(6) if its container is composed, in whole or in
21 part, of any poisonous or deleterious substance which
22 may render the contents injurious to health;

23 “(7) if it has been intentionally subjected to radia-
24 tion, unless the use of the radiation was in conformity
25 with a regulation or exemption in effect pursuant to

1 section 409 of the Federal Food, Drug, and Cosmetic
2 Act; or

3 “(8) if any valuable constituent has been in whole
4 or in part omitted or abstracted therefrom; or if any
5 substance has been substituted, wholly or in part there-
6 for; or if damage or inferiority has been concealed in
7 any manner; or if any substance has been added thereto
8 or mixed or packed therewith so as to increase its bulk
9 or weight; or reduce its quality or strength, or make it
10 appear better or of greater value than it is.

11 “(h) The term ‘misbranded’ shall apply to any poultry
12 product under one or more of the following circumstances:

13 “(1) if its labeling is false or misleading in any
14 particular;

15 “(2) if it is offered for sale under the name of
16 another food;

17 “(3) if it is an imitation of another food, unless
18 its label bears, in type of uniform size and prominence,
19 the word ‘imitation’ and immediately thereafter, the
20 name of the food imitated.

21 “(4) if its container is so made, formed, or filled
22 as to be misleading;

23 “(5) unless it bears a label showing (A) the name
24 and the place of business of the manufacturer, packer,
25 or distributor; and (B) an accurate statement of the

1 quantity of the product in terms of weight, measure, or
2 numerical count: *Provided*, That under clause (B)
3 of this paragraph (5), reasonable variations may be
4 permitted, and exemptions as to small packages or prod-
5 ucts not in packages or other containers may be estab-
6 lished by regulations prescribed by the Secretary;

7 “(6) if any word, statement, or other information
8 required by or under authority of this Act to appear on
9 the label or other labeling is not prominently placed
10 thereon with such conspicuousness (as compared with
11 other words, statements, designs, or devices, in the label-
12 ing) and in such terms as to render it likely to be read
13 and understood by the ordinary individual under cus-
14 tomary conditions of purchase and use;

15 “(7) if it purports to be or is represented as a food
16 for which a definition and standard of identity or com-
17 position has been prescribed by regulations of the Secre-
18 tary under section 8 of this Act unless (A) it conforms
19 to such definition and standard, and (B) its label bears
20 the name of the food specified in the definition and
21 standard and, insofar as may be required by such regula-
22 tions, the common names of optional ingredients (other
23 than spices, flavoring, and coloring) present in such
24 food;

25 “(8) if it purports to be or is represented as a food

1 for which a standard or standards of fill of container have
2 been prescribed by regulations of the Secretary under
3 section 8 of this Act, and it falls below the standard of
4 fill of container applicable thereto, unless its label bears,
5 in such manner and form as such regulations specify, a
6 statement that it falls below such standard;

7 “(9) if it is not subject to the provisions of para-
8 graph (7), unless its label bears (A) the common or
9 usual name of the food, if any there be, and (B) in
10 case it is fabricated from two or more ingredients, the
11 common or usual name of each such ingredient; except
12 that spices, flavorings, and colorings may, when au-
13 thorized by the Secretary, be designated as spices,
14 flavorings, and colorings without naming each: *Pro-*
15 *vided*, That, to the extent that compliance with the
16 requirements of clause (B) of this paragraph (9) is
17 impracticable or results in deception or unfair competi-
18 tion, exemptions shall be established by regulations
19 promulgated by the Secretary;

20 “(10) if it purports to be or is represented for
21 special dietary uses unless its label bears such informa-
22 tion concerning its vitamin, mineral, and other dietary
23 properties as the Secretary, after consultation with the
24 Secretary of Health, Education, and Welfare, determines
25 to be, and by regulations prescribes as, necessary in

1 order fully to inform purchasers as to its value for such
2 uses;

3 “(11) if it bears or contains any artificial flavoring,
4 artificial coloring, or chemical preservative, unless it
5 bears labeling stating that fact: *Provided*, That, to the
6 extent that compliance with the requirements of this
7 paragraph (11) is impracticable, exemptions shall be
8 established by regulations promulgated by the Secretary;
9 or

10 “(12) if it fails to bear, directly thereon and on
11 its containers, as the Secretary may by regulations
12 prescribe, the official inspection legend and official estab-
13 lishment number of the establishment where the product
14 was processed, and, unrestricted by any of the fore-
15 going, such other information as the Secretary may re-
16 quire in such regulations to assure that it will not
17 have false or misleading labeling and that the public
18 will be informed of the manner of handling required to
19 maintain the product in a wholesome condition.

20 “(i) The term ‘Secretary’ means the Secretary of Agri-
21 culture or his delegate.

22 “(j) The term ‘person’ means any individual, partner-
23 ship, corporation, association, or other business unit.

24 “(k) The term ‘inspector’ means: (1) an employee or

1 official of the United States Government authorized by the
2 Secretary to inspect poultry and poultry products under the
3 authority of this Act, or (2) any employee or official of the
4 government of any State or territory or the District of Colum-
5 bia authorized by the Secretary to inspect poultry and poul-
6 try products under authority of this Act, under an agreement
7 entered into between the Secretary and the appropriate State
8 or other agency.

9 “(1) The term ‘official mark’ means the official inspec-
10 tion legend or any other symbol prescribed by regulations of
11 the Secretary to identify the status of any poultry product
12 under this Act.

13 “(11) The term ‘official inspection legend’ means any
14 symbol prescribed by regulations of the Secretary showing
15 that a product was inspected and passed in accordance with
16 this Act.

17 “(11) The term ‘official certificate’ means any certificate
18 prescribed by regulations of the Secretary for issuance by an
19 inspector or other person performing official functions under
20 this Act.

21 “(o) The term ‘official device’ means any device pre-
22 scribed or authorized by the Secretary for use in applying
23 any official mark.

24 “(p) The term ‘official establishment’ means any estab-
25 lishment as determined by the Secretary at which inspection

1 of the slaughter of poultry, or the processing of poultry prod-
2 ucts, is maintained under the authority of this Act.

3 “(q) The term ‘inspection service’ means the official
4 Government service within the Department of Agriculture
5 designated by the Secretary as having the responsibility for
6 carrying out the provisions of this Act.

7 “(r) The term ‘container’ or ‘package’ includes any
8 box, can, tin, cloth, plastic, or other receptacle, wrapper, or
9 cover.

10 “(s) The term ‘label’ means a display of written,
11 printed, or graphic matter upon any product or the immedi-
12 ate container (not including package liners) of any product;
13 and the term ‘labeling’ means all labels and other written,
14 printed, or graphic matter (1) upon any product or any of
15 its containers or wrappers, or (2) accompanying such
16 product.

17 “(t) The term ‘shipping container’ means any container
18 used or intended for use in packaging the product packed
19 in an immediate container.

20 “(u) The term ‘immediate container’ includes any con-
21 sumer package; or any other container in which poultry
22 products, not consumer packaged, are packed.

23 “(v) The term ‘capable of use as human food’ shall
24 apply to any carcass, or part or product of a carcass, of any
25 poultry, unless it is denatured or otherwise identified as re-

1 quired by regulations prescribed by the Secretary to deter
2 its use as human food, or it is naturally inedible by humans.

3 “(w) The term ‘processed’ means slaughtered, canned,
4 salted, stuffed, rendered, boned, cut up, or otherwise manu-
5 factured or processed.

6 “(x) The term ‘Federal Food, Drug, and Cosmetic
7 Act’ means the Act so entitled, approved June 25, 1938 (52
8 Stat. 1040), and Acts amendatory thereof or supplementary
9 thereto.

10 “(y) The terms ‘pesticide chemical’, ‘food additive’,
11 ‘color additive’, and ‘raw agricultural commodity’ shall have
12 the same meanings for purposes of this Act as under the
13 Federal Food, Drug, and Cosmetic Act.

14 “(z) The term ‘poultry products broker’ means any
15 person engaged in the business of buying or selling poultry
16 products on commission, or otherwise negotiating purchases
17 or sales of such products other than for his own account or
18 as an employee of another person.

19 “(aa) The term ‘renderer’ means any person engaged
20 in the business of rendering carcasses, or parts or products of
21 the carcasses, of poultry, except rendering conducted under
22 inspection or exemption under this Act.

23 “(bb) The term ‘animal food manufacturer’ means any
24 person engaged in the business of manufacturing or process-

1 ing animal food derived wholly or in part from carcasses, or
2 parts or products of the carcasses, of poultry.”

3 (4) Section 5 is amended to read as follows:

4 “SEC. 5. (a) It is the policy of the Congress to protect
5 the consuming public from poultry and poultry products that
6 are adulterated or misbranded. In furtherance of this policy—

7 “(1) The Secretary is authorized, in order to carry
8 out more effectively the purposes of this Act, to seek the
9 cooperation, assistance, and advice of appropriate State
10 agencies and other departments and agencies of the
11 Federal Government.

12 “(2) The Secretary is authorized to appoint ad-
13 visory committees consisting of such representatives of
14 appropriate State agencies, consumers, and the poultry
15 industry as the Secretary may designate for the purpose
16 of advising him concerning matters within the scope of
17 this Act, including but not limited to (A) the effective-
18 ness of the poultry inspection program, (B) means of
19 obtaining better coordination and communication be-
20 tween the Secretary and appropriate State agencies and
21 between the Secretary and other Federal departments
22 and agencies, and (C) means of improving and increas-
23 ing protection to consumers. A majority of the members
24 of any advisory committee appointed under this para-

graph shall be appointed from private life to represent consumers. Each meeting of an advisory committee shall be publicly announced not less than ten days prior to the date of such meeting; and minutes or a transcript of such meeting shall be kept and shall be made available for inspection and copying upon the request of any person.

“(3) The Secretary is authorized to develop, or to develop in cooperation with appropriate State agencies, other departments and agencies of the Federal Government, industry, or other public and private bodies (A) training programs for personnel engaged in carrying out the provisions of this Act, (B) education programs for personnel engaged in buying, selling, transporting, storing, delivering, or processing poultry and poultry products, and (C) other related educational activities.

“(4) The Secretary is authorized to utilize, by agreement, the officers, employees, and facilities of any State in carrying out the provisions of this Act in such State; and to utilize, with or without reimbursement, law enforcement officers and other personnel and facilities of other departments and agencies of the Federal Government in carrying out the provisions of this Act.

“(b) (1) At any time after the date of enactment of the Wholesome Poultry, Egg, and Fish Products Act of 1968, the Secretary may, as herein provided, exempt any

1 State from enforcement by the Secretary with respect to
2 inspection and sanitation requirements of this Act insofar
3 as such requirements apply to establishments in such State
4 engaged in the slaughter or processing of poultry for human
5 consumption for distribution wholly within such State. An
6 exemption may be granted under this subsection to any
7 State (1) upon written application of the Governor of such
8 State requesting such exemption, (2) upon a finding by
9 the Secretary that such State has in effect and will enforce
10 a State poultry inspection law that imposes mandatory ante
11 mortem and post mortem inspection, reinspection and sani-
12 tation requirements that are at least equal to those required
13 under this Act, and (3) upon such other terms and condi-
14 tions as the Secretary may prescribe by regulation.

15 “(2) Upon the approval of the application of any
16 State for exemption under paragraph (1) of this subsec-
17 tion, the Secretary may cooperate with such State in strength-
18 ening its poultry inspection program by providing (A)
19 advisory assistance in planning and developing a strength-
20 ened program; (B) technical and laboratory assistance and
21 training (including necessary curricular and instructional
22 materials and equipment); and (C) financial and other
23 aid for administration of such program. The amount to be
24 contributed to any State by the Secretary under this sub-
25 section from Federal funds for any year shall not exceed

1 50 per centum of the estimated total cost of the cooperative
2 program; and the Federal funds shall be allocated among
3 the States receiving exemptions under this subsection on
4 an equitable basis. Such cooperation and payment shall be
5 contingent upon administration of the State program in a
6 manner which the Secretary, in consultation with the appro-
7 priate advisory committee, deems adequate to effectuate the
8 purposes of this subsection.

9 “(3) The appropriate State agency with which the
10 Secretary may cooperate under this Act shall be a single
11 agency in the State which is primarily responsible for the
12 coordination of the State programs having objectives simi-
13 lar to those under this Act. When the State program includes
14 performance of certain functions by a municipality or other
15 subordinate governmental unit, such unit shall be deemed to
16 be a part of the State agency for the purposes of this
17 subsection.

18 “(4) If the Secretary determines that any State which
19 has been granted an exemption under this subsection is fail-
20 ing to administer the poultry inspection laws of such State
21 in a manner at least equal to the requirements of this title
22 and in accordance with the terms and conditions under
23 which such exemption was granted, he shall notify the Gov-
24 ernor of such State of such fact and such exemption shall
25 terminate effective thirty days after the date on which such

1 notice was given unless prior to the expiration of such
2 thirty-day period the Secretary finds that such State is
3 again administering the poultry inspection laws of such State
4 in accordance with the terms and conditions under which
5 the exemption was granted and has reason to believe that
6 such laws will continue to be so administered, in which event
7 he may permit the exemption for such State to continue in
8 effect.

9 “(5) Notwithstanding any other provision of this sub-
10 section, if the Secretary determines that any establishment
11 which slaughters or processes poultry for distribution wholly
12 within any State which has been granted an exemption
13 under this subsection is producing adulterated poultry prod-
14 ucts which would clearly endanger the public health, he
15 shall notify the Governor of such State and the appropriate
16 advisory committee of such fact for effective action under
17 State or local law. If the State does not take action to
18 prevent such endangering of the public health within a
19 reasonable time after such notice, as determined by the
20 Secretary, in light of the risk to public health, the Secretary
21 may forthwith withdraw such exemption with respect to
22 such establishment, and thereupon the establishment and
23 operator thereof shall be subject to the requirements of this
24 title.

1 “(6) Whenever an exemption granted to any State
2 under this subsection is withdrawn by the Secretary, in-
3 spection procedures under this Act shall immediately be-
4 come effective with respect to establishments in such State
5 which slaughter or process poultry for human consumption
6 for distribution wholly within such State, except in the case
7 of an establishment which is otherwise exempted under the
8 provisions of this Act. The Secretary may grant an exemp-
9 tion under this subsection to any State even though such
10 State has previously been granted an exemption and had
11 it withdrawn if the Secretary makes the appropriate find-
12 ings under paragraph (1) of this subsection.

13 “(7) The Secretary shall annually review the programs
14 developed by States under this section, including require-
15 ments, enforcement, and effectiveness of such programs, and
16 shall report thereon in the report required by section 26 of
17 this title.

18 “(c) As used in this section, the term ‘State’ means any
19 State (including the Commonwealth of Puerto Rico) or
20 organized territory or District of Columbia.”

21 (5) The heading of section 5 is amended to read as
22 follows: “COOPERATION AND UTILIZATION OF STATE AND
23 OTHER FEDERAL AGENCIES; EXEMPTION AUTHORIZED FOR
24 INTRASTATE ACTIVITIES”.

25 (6) Section 6 (a) is amended to read as follows:

1 “(a) In order to prevent any poultry or poultry product
2 which is capable of use as human food and is adulterated from
3 entering into commerce, or adversely burdening, obstructing,
4 or affecting commerce, the Secretary shall, where and to the
5 extent considered by him necessary, cause ante mortem in-
6 spection of poultry and poultry products by inspectors, in
7 any official establishment which processes poultry or poultry
8 products.”

9 (7) Section 6 is further amended—

10 (A) by striking out in subsection (b) “processing
11 such poultry or poultry products for commerce or in, or
12 for marketing in a designated city or area” and substitut-
13 ing the phrase “subject to inspection under this Act”; by
14 inserting the word “and” before the word “reinspection”
15 and by inserting the phrase “capable of use as human
16 food” after the phrase “poultry products” the first time
17 the latter phrase appears in such subsection;

18 (B) by inserting “other” immediately before “poul-
19 try products” in the first sentence of subsection (c) ; and
20 by striking out “unwholesome or” and “unwholesome
21 and” each time they appear in such subsection.

22 (8) Section 7 (a) is amended to read as follows:

23 “(a) In order to prevent adulterated poultry products
24 from entering into, moving in, or adversely burdening, ob-
25 structing, or affecting commerce, each official establishment

1 slaughtering poultry or processing poultry products for hu-
2 man consumption shall have such premises, facilities, and
3 equipment, and be operated in accordance with such sani-
4 tary practices, as are required by regulations promulgated
5 by the Secretary.”

6 (9) Section 8 is amended to read as follows:

7 “SEC. 8. (a) All poultry products inspected at any
8 official establishment under the authority of this Act and
9 found to be not adulterated, shall at the time they leave the
10 establishment bear, in distinctly legible form, on their ship-
11 ping containers and immediate containers, and, in the case
12 of noncustomer packaged carcasses, directly thereon, as the
13 Secretary may require, the information required under sec-
14 tion 4 (h) of this Act. The present official inspection mark
15 saying “Inspected for Wholesomeness by the United States
16 Department of Agriculture” may remain in effect unless
17 changed by the Secretary, in consultation with appropriate
18 advisory committees as provided for in section 5 of this Act.

19 “(b) The Secretary, whenever he determines such
20 action is necessary for the protection of the public, may pre-
21 scribe: (1) the styles and sizes of type to be used with
22 respect to material required to be incorporated in labeling to
23 avoid false or misleading labeling in marketing and labeling
24 any poultry or poultry products subject to this Act; (2) defi-
25 nitions and standards of identity or composition for products

1 subject to this Act and standards of fill of containers for such
2 products not inconsistent with any such standards established
3 under the Federal Food, Drug, and Cosmetic Act, and there
4 shall be consultation between the Secretary and the Secretary
5 of Health, Education, and Welfare prior to the issuance of
6 such standards under either Act relating to products subject
7 to this Act to avoid inconsistency in such standards and pos-
8 sible impairment of the coordinated effective administration
9 of such Acts. There shall also be consultation between the
10 Secretary and an appropriate advisory committee provided
11 for in section 5 of this Act, prior to the issuance of such
12 standards under this Act, to avoid, insofar as feasible, incon-
13 sistency between Federal and State standards.

14 “(c) No product subject to this Act shall be sold or
15 offered for sale by any person, under any name or other
16 marking or labeling which is false or misleading, or in any
17 container of a misleading form or size, but established trade
18 names and other marking and labeling and containers which
19 are not false or misleading and which are approved by the
20 Secretary are permitted.

21 “(d) If the Secretary has reason to believe that any
22 marking or labeling or the size or form of any container
23 in use or proposed for use with respect to any product
24 subject to this Act is false or misleading in any particular,
25 he may direct that such use be withheld unless the mark-

ing, labeling, or container is modified in such manner as he may prescribe so that it will not be false or misleading. If the person using or proposing to use the marking, labeling, or container does not accept the determination of the Secretary, such person may request a hearing, but the use of the marking, labeling, or container shall, if the Secretary so directs, be withheld pending hearing and final determination by the Secretary. Any such determination by the Secretary shall be conclusive unless, within thirty days after receipt of notice of such final determination, the person adversely affected thereby appeals to the United States court of appeals for the circuit in which such person has his principal place of business or to the United States Court of Appeals for the District of Columbia Circuit. The provisions of section 204 of the Packers and Stockyards Act, 1921 (42 Stat. 162, as amended; 7 U.S.C. 194), shall be applicable to appeals taken under this section."

(10) Section 9 is amended to read as follows:

"SEC. 9. No person shall—

"(1) slaughter any poultry or process any poultry products which are capable of use as human food at any establishment processing such products except in compliance with the requirements of this Act;

"(2) introduce or deliver for introduction, sell, transport, offer for sale or transportation or receive or

1 otherwise dispose for transportation or store (A) any
2 poultry or poultry products which are capable of use as
3 human food and are adulterated or misbranded at the
4 time of such introduction, delivery, sale, transportation,
5 offer for sale, or transportation or reception, or other dis-
6 position for transportation or storage, except as author-
7 ized and pursuant to regulation prescribed by the Secre-
8 tary; or (B) any poultry or poultry products required to
9 be inspected under this Act unless they have been so
10 inspected and passed;

11 “(3) do, with respect to any poultry or poultry
12 products which are capable of use as human food, any
13 act while they are being held for storage or for trans-
14 portation or being transported or held for sale after such
15 transportation which is intended to cause or has the
16 effect of causing such products to be adulterated or
17 misbranded;

18 “(4) sell, transport, offer for sale or transportation,
19 or receive for transportation in commerce or from an
20 official establishment, any slaughtered poultry from
21 which the blood, feathers, feet, head, or viscera have not
22 been removed in accordance with regulations promul-
23 gated by the Secretary, except as may be authorized by
24 regulations of the Secretary;

1 “(5) use to his own advantage, or reveal other
2 than to the authorized representatives of the United
3 States Government or any State or other government
4 in their official capacity, or as ordered by a court in any
5 judicial proceeding, any information acquired under the
6 authority of this Act concerning any matter which is
7 entitled to protection as a trade secret;

8 “(6) cast, print, lithograph, or otherwise make
9 any device containing any official mark or simulation
10 thereof, or any label bearing any such mark or simula-
11 tion, or any form of official certificate or simulation
12 thereof, except as authorized by the Secretary;

13 “(7) forge, alter, or counterfeit any official device,
14 mark, or certificate;

15 “(8) without authorization from the Secretary,
16 possess or use any official device, mark, or certificate,
17 or simulation thereof, or alter, detach, deface, or destroy
18 any official device, mark, or certificate;

19 “(9) contrary to the regulations prescribed by the
20 Secretary, fail to use, or to detach, deface, or destroy
21 any official device, mark, or certificate;

22 “(10) knowingly possess, without promptly notify-
23 ing the Secretary or his representative, any official de-
24 vice or any counterfeit, simulated, forged, or improperly
25 altered official certificate or any device or label or any

1 carcass of any poultry, or part or product thereof, bear-
2 ing any counterfeit, simulated, forged, or improperly
3 altered official mark;

4 “(11) knowingly make any false statement in any
5 shipper’s certificate or other nonofficial or official cer-
6 tificate provided for in the regulations prescribed by the
7 Secretary;

8 “(12) knowingly represent that any product has
9 been inspected and passed, or exempted, under this Act
10 when, in fact, it has, respectively, not been so inspected
11 and passed, or exempted.”

12 (11) Section 10 is amended to read as follows:

13 “SEC. 10. No establishment processing poultry or poul-
14 try products for human consumption shall process any poultry
15 or poultry products except in compliance with the require-
16 ments of this Act.”

17 (12) Section 11 is amended to read as follows:

18 “SEC. 11. (a) Inspection shall not be provided under
19 this Act at any establishment for the slaughter of poultry or
20 the processing of any carcasses or parts or products of
21 poultry, which are not intended for use as human food, but
22 such carcasses, parts, or products shall prior to their offer
23 for sale or transportation, unless naturally inedible by hu-
24 mans, be denatured or otherwise identified as prescribed by
25 regulations of the Secretary to deter their use for human

1 food. No person shall buy, sell, transport, or offer for sale
2 or transportation, or receive for transportation in commerce,
3 or import, any poultry carcass, or parts or products thereof
4 which are not intended for use as human food unless they
5 are denatured or otherwise identified as required by the reg-
6 ulations of the Secretary or are naturally inedible by humans.

7 “(b) The following classes of persons shall, for such
8 period of time as the Secretary may by regulations prescribe,
9 keep such records as will fully and correctly disclose all
10 transactions involved in their businesses; and all persons
11 subject to such requirements shall, at all reasonable times,
12 upon notice by a duly authorized representative of the Sec-
13 retary, afford such representative access to their places of
14 business and opportunity to examine the facilities, inventory,
15 and records thereof, to copy all such records, and to take
16 reasonable samples of their inventory upon payment of the
17 fair market value therefor, whether subject to the require-
18 ments of this title or exempted under section 5 (b) (1) —

19 “(1) Any person that engages in the business of
20 slaughtering any poultry or processing, freezing, pack-
21 aging, or labeling any carcasses, or parts or products of
22 carcasses, of any poultry, for use as human food or
23 animal food;

24 “(2) Any person that engages in the business of
25 buying or selling (as poultry products brokers, whole-

1 salers or otherwise), or transporting, or storing, or im-
2 porting, any carcasses, or parts or products of carcasses,
3 of any poultry;

4 “(3) Any person that engages in business as a
5 renderer, or engages in the business of buying, selling,
6 or transporting, in commerce, or importing, any dead,
7 dying, disabled, or diseased poultry or parts of the car-
8 casses of any poultry that died otherwise than by
9 slaughter.

10 “(c) No person shall engage in business as a poultry
11 products broker, renderer, or animal food manufacturer, or
12 engage in business as a wholesaler of any carcasses, or parts
13 or products of the carcasses, of any poultry, whether intended
14 for human food or other purposes, or engage in business as
15 a public warehouseman storing any such products, or engage
16 in the business of buying, selling, or transporting, or import-
17 ing, any dead, dying, disabled, or diseased poultry, or parts
18 of the carcasses of any poultry that died otherwise than by
19 slaughter, unless, when required by regulations of the Sec-
20 retary, he has registered with the Secretary his name, and
21 the address of each place of business at which, and all trade
22 names under which, he conducts such business.

23 “(d) No person engaged in the business of buying, sell-
24 ing, transporting, or importing, dead, dying disabled, or
25 diseased poultry, or any parts of the carcasses of any poul-

1 try that died otherwise than by slaughter, shall buy, sell,
2 transport, offer for sale or transportation, receive for trans-
3 portation, or import, any dead, dying, disabled, or diseased
4 poultry or parts of the carcasses of any poultry that died
5 otherwise than by slaughter, unless such transaction, trans-
6 portation or importation is made in accordance with such
7 regulations as the Secretary may prescribe to assure that such
8 poultry, or the unwholesome parts or products thereof, will
9 be prevented from being used for human food.”

10 (13) The heading of section 11 is amended to read as
11 follows: “PRODUCTS NOT INTENDED FOR HUMAN FOOD;
12 RECORDS AND RELATED REQUIREMENTS”.

13 (14) Section 12 is amended as follows:

14 (a) The first sentence of subsection (a) is amended to
15 read as follows: “Any person who violates the provisions of
16 this Act shall be fined not more than \$1,000 or imprisoned
17 not more than one year or both; but if such violations in-
18 volve intent to defraud, or any distribution or attempted dis-
19 tribution of adulterated products (except as defined in sec-
20 tion 4 (g) (8) of this Act) such person shall be fined not
21 more than \$10,000 or imprisoned not more than three years
22 or both.”

23 (b) Subsection (b) is amended by inserting before
24 the period at the end thereof the following: “or unless the
25 carrier refuses to furnish upon request of a representative

1 of the Secretary the name and address of the person from
2 whom he received such poultry or poultry products, and
3 copies of all documents, if any there be, pertaining to the
4 delivery of the poultry or poultry products to such carrier.

5 (c) A new paragraph (c) is added to read as follows:

6 “(c) Any person who forcibly assaults, resists, opposes,
7 impedes, intimidates, or interferes with any person while
8 engaged in or on account of the performance of his official
9 duties under this Act shall be fined not more than \$5,000
10 or imprisoned not more than three years, or both. Whoever,
11 in the commission of any such acts, uses a deadly or danger-
12 ous weapon, shall be fined not more than \$10,000 or im-
13 prisoned not more than ten years, or both. Whoever kills
14 any person while engaged in or on account of the per-
15 formance of the official duties under this Act, shall be
16 punished as provided under sections 1111 and 1114 of title
17 18, United States Code.”

18 (15) Section 14 is amended by designating the present
19 provisions thereof as subsection (e) ; by inserting the word
20 “other” before the word “rules” in such provisions; and
21 by inserting the following new subsections:

22 “(a) The Secretary shall prescribe by regulations,
23 standards of sanitation and quality control for the processing
24 of poultry or poultry products capable of use as human
25 food, and regulations concerning conditions under which

1 such products shall be stored or otherwise handled by any
2 person engaged in the business of buying, selling, process-
3 ing, freezing, storing, transporting, importing, or exporting
4 such products to assure that they are not unsanitary, adul-
5 terated, or misbranded when delivered to the consumer. In
6 formulating these standards, the Secretary is authorized and
7 directed to appoint an advisory committee composed of
8 members of appropriate departments and agencies of the
9 Government, from industry, and from consumers to advise
10 him regarding such regulations. A majority of the members
11 of any advisory committee appointed under this paragraph
12 shall be appointed from private life to represent consumers.
13 Each meeting of an advisory committee shall be publicly
14 announced not less than ten days prior to the date of such
15 meeting; and minutes or a transcript of such meeting shall be
16 kept and shall be made available for inspection and copying
17 upon the request of any person.

18 “(b) The Secretary shall cause such regulations to be
19 published in the Federal Register within six months after the
20 date of enactment of the Wholesome Poultry, Egg, and Fish
21 Products Act of 1968. Six months after such regulations have
22 been published in the Federal Register, the provisions thereof
23 shall become applicable to all persons engaged in the business
24 of buying, selling, processing, freezing, delivering, storing,
25 transporting, importing, or exporting of poultry products.

1 However, such regulations shall not apply to the storage or
2 handling of such products at any retail store or other estab-
3 lishment in any State or organized territory if the storage
4 and handling of such products at such establishment is regu-
5 lated under the laws of the State or territory in which such
6 establishment is located, in a manner which the Secretary,
7 after consultation with the appropriate advisory committee
8 provided for in section 5 of this Act, determines is adequate
9 to effectuate the purposes of this section. Violation of any
10 provision of such regulation is prohibited; and any person
11 found guilty shall be subject to the penalties prescribed in
12 section 12 of this Act."

13 (16) The heading of section 14 is amended to read as
14 follows: "STANDARDS FOR STORAGE AND HANDLING; RULES
15 AND REGULATIONS".

16 (17) Section 15 is amended as follows:

17 (A) by striking out paragraphs (1) and (3) of
18 subsection (a); by redesignating paragraphs (2) and
19 (4) of such subsection as paragraphs (1) and (2),
20 respectively; and

21 (B) by redesignating subsection (b) as subsection
22 (f) and inserting after subsection (a) the following new
23 subsections:

24 "(b) The Secretary may, under such sanitary condi-

1 tions as he may by regulations prescribe, exempt from the
2 inspection requirements of this Act the slaughter of poultry,
3 and the processing of poultry products, by any person
4 in any territory not organized with a legislative body, solely
5 for distribution within such territory, when the Secretary
6 determines that it is impracticable to provide such inspection
7 within the limits of funds appropriated for administration
8 of this Act and that such exemption will aid in the effective
9 administration of this Act.

10 “(c) The provisions of this Act requiring inspection of
11 the slaughter of poultry and the processing of poultry
12 products at establishments conducting such operations for
13 commerce shall not apply to the slaughtering by any person
14 of poultry of his own raising, and the processing by him
15 and transportation in commerce of the poultry products
16 exclusively for use by him and members of his household
17 and his nonpaying guests and employees; nor to the custom
18 slaughter by any person of poultry delivered by the owner
19 thereof for such slaughter, and the processing by such
20 slaughterer and transportation in commerce of the poultry
21 products exclusively for use, in the household of such owner,
22 by him and members of his household and his nonpaying
23 guests and employees: *Provided*, That such custom
24 slaughterer does not engage in the business of buying or selling
25 any poultry products capable of use as human food.

1 “(d) The adulteration and misbranding provisions of
2 this Act, other than the requirement of the inspection legend,
3 shall apply to products which are exempted from inspection
4 or not required to be inspected under this section, except as
5 otherwise specified under subsection (a).

6 “(e) The Secretary may, under such terms and condi-
7 tions as he may by regulation prescribe, exempt from the
8 inspection requirements of this Act, operations relating to
9 the slaughter of poultry and the processing of poultry prod-
10 ucts which are of the type traditionally and usually conducted
11 at retail stores and restaurants, when such operations are
12 conducted at retail stores or restaurants or similar retail-type
13 establishments for sale in normal retail quantities or service
14 of such products to consumers at such establishments. The
15 Secretary may require compliance with such minimum stand-
16 ards of sanitation as he deems necessary to protect the health
17 of consumers as a condition to granting an exemption under
18 this subsection.

19 “(f) Whenever any exemption is granted by the Sec-
20 retary under this subsection, he shall cause a written record
21 of such fact to be made and shall include in such record a
22 statement of the reason or reasons why such exemption was
23 granted; and such records shall be made available for in-
24 spection and copying upon the request of any person.”

1 (18) Section 16 and the heading thereof are amended
2 to read as follows:

3 “AUTHORITY TO LIMIT ENTRY OF POULTRY PRODUCTS INTO
4 OFFICIAL ESTABLISHMENTS

5 “SEC. 16. The Secretary may limit the entry of poultry
6 products and other materials into any official establishment,
7 under such conditions as he may prescribe to assure that
8 allowing the entry of such products into such inspected
9 establishments will be consistent with the purposes of this
10 Act.”

11 (19) Section 17 is amended to read as follows:

12 “SEC. 17. (a) No poultry products which are capable
13 of use as human food shall be imported into the United
14 States if such products are adulterated or misbranded and
15 unless they comply with all the inspection, building con-
16 struction standards, and all other provisions of this Act
17 and regulations issued thereunder applicable to such products
18 within the United States. All such imported products shall,
19 upon entry into the United States, be deemed and treated as
20 domestic products subject to the other provisions of this
21 Act and the Federal Food, Drug, and Cosmetic Act: *Pro-*
22 *vided*, That they shall be marked and labeled as required
23 by such regulations for imported products: *Provided further*,
24 That nothing in this section shall apply to any individual
25 who purchases poultry or poultry products outside the United

1 States for his own consumption except that the total amount
2 of such poultry or poultry product shall not exceed fifty
3 pounds.

4 “(b) The Secretary may prescribe the terms and con-
5 ditions for the destruction of all such products which are
6 imported contrary to this section, unless (1) they are ex-
7 ported by the consignee within the time fixed therefor by
8 the Secretary, or (2) in the case of products which are
9 not in compliance with the Act solely because of misbrand-
10 ing, such products are brought into compliance with the Act
11 under supervision of authorized representatives of the
12 Secretary.

13 “(c) All charges for storage, cartage, and labor with
14 respect to any product which is imported contrary to this
15 section shall be paid by the owner or consignee, and in
16 default of such payment shall constitute a lien against such
17 product and any other product thereafter imported under
18 this Act by or for such owner or consignee.

19 “(d) The knowing importation of any product contrary
20 to this section is prohibited.”

21 (20) Section 18 is amended to read as follows:

22 “SEC. 18. (a) The Secretary may (for such period, or
23 indefinitely, as he deems necessary to effectuate the pur-
24 poses of this Act) refuse to provide, or withdraw, inspection
25 service under this Act with respect to any establishment if

1 he determines, after opportunity for a hearing is accorded to
2 the applicant for, or receipt of, such service, that such appli-
3 cant or recipient is unfit to engage in any business requiring
4 inspection under this Act because the applicant or recipient
5 or anyone responsibly connected with the applicant or re-
6 cipient, has been convicted, in any Federal or State court,
7 within the previous ten years of (1) any felony or more
8 than one misdemeanor under any law based upon the ac-
9 quiring, handling, or distributing of adulterated, mislabeled,
10 or deceptively packaged food or fraud in connection with
11 transactions in food, or (2) any felony, involving fraud,
12 bribery, extortion, or any other act or circumstance indicat-
13 ing a lack of the integrity needed for the conduct of operation
14 affecting the public health. For the purpose of this subsection
15 a person shall be deemed to be responsibly connected with
16 a business if he was a partner, officer, director, holder, or
17 owner of 10 per centum or more of its voting stock, or an
18 employee in a managerial or executive capacity.

19 “(b) Upon the withdrawal of inspection service from
20 any official establishment for failure to destroy condemned
21 poultry products as required under section 6 of this Act, or
22 other failure of an official establishment to comply with the
23 requirements as to premises, facilities, or equipment, or the
24 operation thereof, as provided in section 7 of this Act, or the
25 refusal of inspection service to any applicant therefor because

1 of failure to comply with any requirements under section 7,
2 the applicant for, or recipient of, the service shall, upon re-
3 quest, be afforded opportunity for a hearing with respect to
4 the merits or validity of such action; but such withdrawal or
5 refusal shall continue in effect unless otherwise ordered by
6 the Secretary.

7 “(c) The determination and order of the Secretary
8 when made after the opportunity for hearing shall be final
9 and conclusive, with respect to withdrawal or refusal of in-
10 spection service under this Act unless the affected applicant
11 for, or recipient of, inspection services files application for
12 judicial review within thirty days after the effective date of
13 such order in the United States court of appeals as pro-
14 vided in section 8 of this Act. Judicial review of any such
15 order shall be upon the record upon which the determina-
16 tion and order are based. The provision of section 204 of the
17 Packers and Stockyards Act, 1921, as amended, shall be ap-
18 plicable to appeals taken under this section.”

19 (21) The first sentence of section 19 is amended to
20 read as follows: “The cost of inspection rendered under the
21 requirements of this Act, shall be borne by the United
22 States, except that (1) the cost of inspecting poultry or
23 poultry products intended for distribution wholly within any
24 State which has been granted an exemption under section
25 5 (b) of this Act shall be borne by the United States only to

1 the extent provided in paragraph (2) of such section 5 (b),
2 and (2) the cost of overtime and holiday work performed
3 in establishments subject to the provisions of this Act at
4 such rates as the Secretary may determine shall be borne by
5 such establishments.”

6 (22) The heading of section 18 is amended to read as
7 follows: “AUTHORITY OF SECRETARY TO REFUSE INSPEC-
8 TION SERVICE”.

9 (23) Sections 20 through 22 are redesignated as sec-
10 tions 27 through 30, respectively, and the following new
11 sections (and headings) are inserted after section 18:

12 “DETENTION AUTHORITY OF SECRETARY

13 “SEC. 19. Whenever any poultry or poultry product, or
14 any product exempted from the definition of a poultry prod-
15 uct, or any dead, dying, disabled, or diseased poultry is found
16 by any authorized representatives of the Secretary upon any
17 premises where it is held for purposes of sale or transporta-
18 tion or otherwise subject to this Act, and there is reason to
19 believe that any such product is adulterated or misbranded
20 and is capable of use as human food, or that it has not been
21 inspected, in violation of the provisions of this Act or of any
22 other Federal law or the laws of any State or territory, or
23 the District of Columbia, or that it has been or is intended to
24 be, distributed in violation of any such provisions, it may be
25 detained by such representatives for a period not to exceed

1 twenty days, pending action under section 20 of this Act or
2 notification of any Federal, State, or other governmental
3 authorities having jurisdiction over such product, and shall
4 not be moved by any person from the place at which it is
5 located when so detained, until released by such representa-
6 tive. All official marks shall be removed from such product
7 before it is released unless it appears to the satisfaction of the
8 Secretary that the product is eligible to retain such marks.

9 "SEIZURE AND CONDEMNATION AUTHORITY

10 "SEC. 20. (a) Any poultry or poultry product, or any
11 dead, dying, disabled, or diseased poultry, that is being trans-
12 ported or is held for sale in the United States and that (1)
13 is or has been processed, sold, transported, or otherwise dis-
14 tributed or offered or received for distribution in violation of
15 this Act, or (2) is capable of use as human food and is adul-
16 terated or misbranded, or (3) in any other way is in viola-
17 tion of this Act, shall be liable to be proceeded against and
18 seized and condemned, at any time, on a libel of information
19 in any United States district court or other proper court as
20 provided in section 21 of this Act within the jurisdiction in
21 which the poultry product is found. If the product is con-
22 demned it shall, after entry of the decree, be disposed of by
23 destruction or sale as the court may direct, and the proceeds,
24 if sold, less the court costs and fees, and storage and other

1 proper expenses, shall be paid into the Treasury of the
2 United States, but the product shall not be sold contrary to
3 the provisions of this Act , or the laws of the jurisdiction in
4 which it is sold: *Provided*, That upon the execution and
5 delivery of a good and sufficient bond conditioned that the
6 product shall not be sold or otherwise disposed of contrary to
7 the provision of this Act, or the laws of the jurisdiction in
8 which disposal is made, the court may direct that such prod-
9 uct be delivered to the owner thereof subject to such super-
10 vision by authorized representatives of the Secretaries as is
11 necessary to insure compliance with the applicable laws.
12 When a decree of condemnation is entered against the prod-
13 uct and it is released under bond, or destroyed, court costs
14 and fees, and storage and other proper expenses shall be
15 awarded against the person, if any, intervening as claimant
16 of the product. The proceedings in such libel cases shall con-
17 form, as nearly as may be, to the proceedings in admiralty,
18 except that either party may demand trial by jury of any
19 issue of fact joined in any case, and all such proceedings shall
20 be at the suit of and in the name of the United States.

21 “ (b) The provisions of this section shall in no way
22 derogate from authority or condemnation or seizure con-
23 ferred by the other provisions of this Act, or other laws.

1 "COURT JURISDICTION; PREVENTION AND RESTRAINT

2 OF VIOLATIONS

3 "SEC. 21. The United States district courts, the District
4 Court of Guam, the District Court of the Virgin Islands, the
5 highest court of American Samoa, and the United States
6 courts of the other territories, are vested with jurisdiction
7 specifically to enforce, and to prevent and restrain violations
8 of, this Act, and shall have jurisdiction in all other kinds of
9 cases arising under this Act, except as provided in sections
10 8 (d) and 18 of this Act. All proceedings for the enforce-
11 ment or to restrain violations of this Act shall be by and in
12 the name of the United States. Subpenas for witnesses who
13 are required to attend a court of the United States, in any
14 district, may run into any other district in any such proceed-
15 ing.

16 "ADDITIONAL AUTHORITY FOR ADMINISTRATION AND

17 ENFORCEMENT OF ACT

18 "SEC. 22. For the efficient administration and enforce-
19 ment of this Act, the provisions (including penalties) of
20 sections 6, 8, 9, and 10 of the Federal Trade Commission Act,
21 as amended (38 Stat. 721-723, as amended; 15 U.S.C.
22 46, 48, 49, and 50) (except paragraphs (c) through (h)
23 of section 6 and the last paragraph of section 9) and the

1 provisions of subsection 409 (1) of the Communications Act
2 of 1934 (48 Stat. 1096 as amended; 47 U.S.C. 409 (1))
3 are made applicable to the jurisdiction, powers, and duties of
4 the Secretary in administering and enforcing the provision
5 of this Act and to any person with respect to whom such
6 authority is exercised. The Secretary, in person or by such
7 agents as he may designate, may prosecute any inquiry
8 necessary to his duties under this Act in any part of the
9 United States, and the powers conferred by said sections 9
10 and 10 of the Federal Trade Commission Act, as amended,
11 on the district courts of the United States may be exercised
12 for the purposes of this Act by any court designated in sec-
13 tion 21 of this Act.

14 "EFFECT ON OTHER LAWS

15 "SEC. 23. (a) Poultry and poultry products shall be
16 exempt from the provisions of the Federal Food, Drug, and
17 Cosmetic Act to the extent of the application or extension
18 thereto of the provisions of this Act.

19 "(b) Nothing in this Act shall be construed as reliev-
20 ing any person subject to the provisions of this Act from
21 liability under the laws of any State for any act of negligence.

22 "UNIFORM REQUIREMENTS

23 "SEC. 24. Requirements within the scope of this Act
24 with respect to premises, facilities and operations of any

1 official establishment, which are in addition to, or different
2 than those made under this Act may not be imposed by any
3 State or territory or the District of Columbia, except that
4 any such jurisdiction may impose recordkeeping and other
5 requirements within the scope of paragraph (b) of section
6 11 of this Act, if consistent therewith, with respect to any
7 such establishment. Marking, labeling, packaging, or ingre-
8 dient requirements in addition to, or different than, those
9 made under this Act may not be imposed by any State or
10 territory or the District of Columbia with respect to products
11 prepared at any official establishment in accordance with the
12 requirements under this Act, but any State or territory or
13 the District of Columbia may, consistent with the require-
14 ments under this Act, exercise concurrent jurisdiction with
15 the Secretary over products required to be inspected under
16 this Act, for the purpose of preventing the distribution for
17 human food purposes of any such products which are
18 adulterated or misbranded and are outside of such an estab-
19 lishment, or, in the case of imported products which are
20 not at such an establishment, after their entry into the
21 United States. This Act shall not preclude any State or
22 territory or the District of Columbia from making require-
23 ments or taking other action, consistent with this Act, with
24 respect to any other matters regulated under this Act.

1 "INSPECTION OF GRAIN AND OTHER COMMODITIES USED
2 AS POULTRY FEED

3 "SEC. 25. (a) The Secretary is authorized and directed
4 to investigate the handling, processing, transporting, storage,
5 and use of grain and other agricultural commodities (in-
6 cluding fish meal) used by poultry producers to feed poultry
7 intended for human consumption and to establish sanitation
8 and health standards with respect to the handling, transport-
9 ing, storage, and use of such grain as in his judgment is
10 necessary to insure the consuming public against diseased
11 poultry. In promulgating such standards, or any modifica-
12 tion of such standards, the Secretary shall specify the date
13 or dates when they shall become effective, and shall give
14 public notice, not less than ninety days in advance of such
15 date or dates, by publication in the Federal Register.

16 "(b) Whenever standards shall have been fixed and
17 established by the Secretary under this section, no person
18 shall thereafter deliver for shipment, sell, offer for sale, buy,
19 or transport any such grain or other commodity unless the
20 same has been inspected and passed by an inspector as pro-
21 vided in regulations promulgated by the Secretary.

22 "(c) The Secretary may exempt from any provision
23 of any regulation issued under this section any persons with
24 respect to whom he determines it would be impracticable
25 to apply such provision, and if he determines that the grant-

1 ing of such exemption will otherwise aid in the effective
2 administration of this section.

3 “(d) Violation of any regulation issued by the Secre-
4 tary under this section is prohibited; and any person found
5 guilty thereof shall be subject to the penalties prescribed
6 in section 12 of this Act.

7 “(e) The provisions of this section are in addition to
8 the authority of the Secretary under the United States
9 Grain Standards Act (7 U.S.C. 71-87) and to the authority
10 of the Secretary of Health, Education, and Welfare under
11 the Federal Food, Drug, and Cosmetic Act. The Secretary
12 shall coordinate inspection under this section with inspections
13 under the Acts referred to in the preceding sentence to the
14 maximum extent practicable and shall utilize the same per-
15 sonnel and services for such purpose to the maximum extent
16 practicable.

17 “ANNUAL REPORTS TO CONGRESSIONAL COMMITTEES

18 “SEC. 26. (a) Not later than March 1 of each year
19 the Secretary shall submit to the Committee on Agriculture
20 of the House of Representatives and the Committee on
21 Agriculture and Forestry of the Senate a comprehensive and
22 detailed written report with respect to—

23 “(1) the slaughter of poultry subject to this Act
24 and the processing, storage, handling, and distribution

1 of poultry products; the inspection of establishments
2 operated in connection therewith; the effectiveness of
3 the operation of the inspection program, including the
4 effectiveness of the operations of State poultry inspection
5 programs in States granted exemptions under section 5
6 of this Act; and recommendation for legislation to im-
7 prove such program;

8 “(2) the administration of section 17 of this Act
9 (relating to imports) during the immediately preceding
10 calendar year, including but not limited to—

11 “(A) a certification by the Secretary that for-
12 eign plants exporting poultry products to the United
13 States have complied with requirements at least
14 equal to all the inspection, building construction
15 standards, and all other provisions of this Act and
16 regulations issued thereunder;

17 “(B) the names and locations of plants author-
18 ized or permitted to export poultry products to the
19 United States;

20 “(C) the number of inspectors employed by
21 the Department of Agriculture in the calendar year
22 concerned who were assigned to inspect plants
23 referred to in paragraph (B) hereof and the fre-

1 quency with which each such plant was inspected
2 by such inspectors;

3 “(D) the number of inspectors that were
4 licensed by each country from which any imports
5 (subject to the provisions of section 17 of this Act)
6 were received and that were assigned, during the
7 calendar year concerned, to inspect such imports and
8 the facilities in which such imports were handled;
9 and the frequency and effectiveness of such
10 inspections;

11 “(E) the total volume of poultry products
12 which was imported into the United States during
13 the calendar year concerned from each country,
14 including a separate itemization of the volume of
15 each major category of such imports from each coun-
16 try during such year, and a detailed report of rejec-
17 tions of plants and products because of failure to
18 meet appropriate standards prescribed by this Act;
19 and

20 “(F) recommendations for legislation to
21 improve such program; and

22 “(3) the administration of section 24 of this Act

1 (relating to the inspection of grain and other commodi-
2 tics used as poultry feed), including recommendations
3 for legislation to improve the operation of the inspec-
4 tion program carried out under such section.”

5 SEC. 102. If any provisions of this title or of the amend-
6 ments made hereby or the application thereof to any person
7 or circumstances is held invalid, the validity of the remain-
8 der of the title and the remaining amendments and of the
9 applications of such provision to other persons and circum-
10 stances shall not be affected thereby.

11 SEC. 103. The amendments made by section 101 of this
12 title shall become effective upon enactment, except that the
13 following amendments shall become effective upon the expi-
14 ration of sixty days after enactment of this Act—

15 (1) sections 9 (2) (A) and 9 (3) of the Poultry
16 Products Inspection Act as amended by paragraph (10)
17 of section 101 of this title;

18 (2) Section 11 (d) of the Poultry Products In-
19 spection Act as amended by paragraph (12) of section
20 101 of this title;

21 (3) Section 17 of the Poultry Products Inspection
22 Act as amended by paragraph (19) of section 101 of
23 this title; and

24 (4) Section 15 of the Poultry Products Inspection

1 Act as amended by paragraph (17) of section 101 of
2 this Act.

3 TITLE II—MANDATORY FEDERAL INSPECTION
4 AND GRADING PROGRAM FOR EGGS AND EGG
5 PRODUCTS

6 FINDINGS AND STATEMENT OF PURPOSE

7 SEC. 201. Eggs and egg products are an important
8 source of the Nation's total supply of food. They are con-
9 sumed throughout the Nation and substantial quantities there-
10 of move in interstate and foreign commerce. In order to pro-
11 tect the consuming public, avoid adverse effects on the
12 marketing of eggs and egg products, and to avoid sundry
13 losses to egg producers and the processors of egg products,
14 it is necessary to provide for a mandatory inspection and
15 grading program for eggs and egg products. All eggs
16 and egg products are either in the current of interstate or
17 foreign commerce or directly affect such commerce. Eggs
18 interstate or foreign commerce affect such commerce. Eggs
19 and egg products which enter directly into the current of
20 interstate or foreign commerce cannot be effectively inspected
21 and graded without also inspecting and grading eggs and egg
22 products which do not enter directly into the current of in-
23 terstate or foreign commerce. It is the purpose of this title,

Senator JORDAN. Senator, we are glad to have you. I understand you are in a hurry. We will let you proceed, sir.

**STATEMENT OF HON. WALTER F. MONDALE, A U.S. SENATOR FROM
THE STATE OF MINNESOTA**

Senator MONDALE. Thank you, Mr. Chairman, for permitting me to comment briefly on the subject before this subcommittee. My comments will be brief because I know you have a long and impressive list of witnesses, including Betty Furness, who is doing such a remarkable job as Special Assistant to the President for Consumer Affairs.

I introduced S. 3383, which I entitled "The Wholesome Poultry, Eggs and Fish Products Act of 1968". The first part of my testimony comments on the house poultry proposal, and some of its sections. I would ask that those comments be included in the record.

Senator JORDAN. They will be included in their entirety.

Senator MONDALE. I am sorry the committee will not have a chance to hear from Mr. James Kosmo, editor of the Bloomington Sun, this morning. It was his brilliant work which first introduced me to the problems of contaminated eggs and egg products in this country.

Mr. Kosmo cannot be here to bring you up to date on the story of the Lonsdale, Minn., egg processing plant whose story he disclosed last year. But he has sent a statement I would like to insert in the record.

Senator JORDAN. It will be inserted at this point. I would think you would want it to follow your remarks.

Senator MONDALE. Very well.

I am pleased that the committee will hear from Dr. David Sencer of the Communicable Disease Center of the Public Health Service in Atlanta. The Public Health Service showed me evidence that egg contamination was not Minnesota's problem alone. Rather, it was a nationwide condition.

Mr. Chairman, what I have learned in this: there is a potential for contaminated eggs in this country today.

The reason is the inadequacy of present egg inspection programs. It is important to know that there now is no Federal law requiring continuous inspection of eggs and egg products.

Instead, we have a patternless patchwork of Federal and State programs which leaves hundreds of thousands of pounds and crates of eggs uncovered by inspection every year.

The situation with respect to shell eggs is this: there are 318 shell egg plants using a present USDA continuous voluntary inspection service. But only 27 percent of the total U.S. production of shell eggs is covered.

But since the greatest potential for contamination exists in broken eggs, the statistics about egg products are even more important. The fact is that only 90 plants are now included in the USDA continuous voluntary inspection service, producing about 68 percent of the total U.S. production of liquid and frozen and 72 percent of dried eggs. This leaves over 800 plants producing about one-quarter billion pounds of liquid, frozen, and dried eggs products without any USDA inspection.

The Food and Drug Administration does indeed perform spot checks and make intermittent inspections of egg products processing plants and products involved in interstate commerce. But my information is that the FDA averaged only a little over one inspection per plant for the entire year last year.

State laws fail to provide adequate coverage. While all States do have some kind of shell egg law, some vary from USDA standards. Most States have no laws applicable to egg products. Only 12 States have mandatory laws, and two have voluntary laws. Yet the laws and their enforcements vary from State to State, and do not correspond to USDA's egg products inspection program standards.

Unfortunately, comprehensive information does not exist about the extent of egg contamination in the United States. Nevertheless, available evidence suggests the outlines of the problem.

In my opening statement at the introduction of S. 3383, I cited numerous examples of the disease, and even death that have been traced to contaminated eggs.

I think it is an insult to responsible segments of the egg industry, and a health hazard to the consumer that contaminated eggs can be sold in the United States. Yet the evidence accumulated from the Public Health Service, from James Kosmo, and from others indicates it does exist.

I think it is imperative that we move quickly to remove both the insult and the health hazard.

It is for this reason that I included title II in my protein products measure.

Under the provisions of my bill, another area of consumer protection will be included. My reason for special emphasis on the egg element is it is not included in the bill in any respect as it comes over to us from the House. I would hope that the subcommittee would give serious consideration to trying to do something to deal with this problem, in addition to the other problems included in the present legislation.

Senator JORDAN. All right, sir. We certainly will. We appreciate your testimony and it will be given adequate attention, I can assure you. We are always glad to have you with us. You are a member of the committee.

Senator MONDALE. Thank you.

(The statements referred to are as follows:)

STATEMENT OF SENATOR MONDALE

Mr. Chairman, It gives me great pleasure today to testify in support of S. 3383, the Wholesome Poultry, Eggs, and Fish Products Act of 1968. Because of the time limitations, I will limit my comments to Titles I and II of my bill, concerning poultry and egg inspection.

Today I sense a different sort of spirit from the spirit that prevailed during the meat hearings. I believe all of us—government, consumers, and industry—are agreed on the need for an expanded poultry inspection program. I would hope the same spirit could prevail with respect to expanded egg inspection programs.

Mr. Chairman, I wish to congratulate the members of the House on their recently-passed poultry inspection measure. It is a good and generally strong measure. However, the House measure contains some weaknesses that need to be remedied.

The first is the addition of "knowingly" to part (a) of Section 9. I think this section would be difficult to enforce. Worse yet is the potential harm to the

consumer. Unfit poultry could be put on the shelves of markets for months while the attempt was made to prove intent to commit the prohibited acts. I see no reason for a difference in treatment between poultry and meat in this area, and think the word "knowingly" should be stricken from this section.

The second change relates to the exemptions section.

Mr. Chairman, I think Section 15(c) opens a pandora's box of poultry problems. As Congressman Foley pointed out in his report on the House measure, Section 15(c) (1) would permit those processing more than 30,000 chickens a year to be completely exempted from any poultry inspection requirements. Further, Section 15(c) (2) would have the effect of opening the door for exemptions from some requirements of the Act for those who process even greater quantities of poultry.

Mr. Chairman, particularly in view of the Department of Agriculture's reports on conditions in intrastate plants, I think these exemptions are unnecessary.

I am fully aware of the problems encountered by small producer-processors. The same problem existed to some extent in the Meat Industry. And I think this pandora's box can be closed with the same thrust of legislative intent we used in the Meat Inspection measure.

The Senate Report on the meat bill (Report 799) stressed two important points. The first was that consumer protection was of supreme importance. Products offered to the consumer should be free from health hazards, and should be adequately labeled and packaged. Second, it stressed that the committee understood there might be alternative ways of achieving this objective. Thus, the committee stated it intended the Secretary to enforce federal standards, but also to permit variations in equipment, facilities, and operating methods to the extent that these would not impair consumer protection. I would suggest the Committee include similar language in its report on the poultry title.

Third, I would call upon the Committee to give serious consideration to restoring the Meat Act language with respect to reports to Congress.

Now let me move on to egg inspection.

Mr. Chairman, I am sorry that the Committee will not have the chance to hear from Mr. James Kosmo, Editor of the Edina Courier, this morning. For it was his brilliant work, from the grass roots level, that first introduced me to the problems of contaminated eggs and egg products in this nation.

Mr. Kosmo can't be here to bring you up to date on the story of the Lonsdale, Minnesota egg processing plant whose story he disclosed last year. But he has sent a statement I would like to insert in the Record.

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Mr. Chairman, what I have learned is this: there is a potential for contaminated eggs in this country today.

The reason is the inadequacy of present egg inspection programs. It is important to know that there now is *no* Federal law requiring continuous inspection of eggs and egg products.

Instead, we have a patternless patchwork of Federal and State programs which leave hundreds of thousands of pounds and crates of eggs uncovered by inspection every year.

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I think it is imperative that we move quickly to remove both the insult and the health hazard.

It is for this reason that I included Title II in my protein products measure.

Under the provisions of my bill, a third dimension of consumer protection would be created. Not only would mandatory, continuous inspection programs be created for meat and poultry, but also eggs and egg products would be inspected and graded.

The egg title of my bill follows generally the poultry title of S. 3383 and the Meat Act of last year. It authorizes the Secretary of Agriculture to develop and carry out an inspection and grading program for all eggs and egg products intended for human consumption. It specifies that regulations shall be promulgated and inspection provided to keep from the market shell eggs which are not wholesome or fit for human food; and processed eggs that are adulterated or misbranded. It provides that states may apply to the Secretary for an exemption to operate their own programs, if they are equal to Federal standards, and that the Secretary may help provide funds for these programs. It contains labeling, import, prohibited acts, penalties, and record-keeping requirements, and other provisions similar to the Meat and Poultry measures, and an exemption section similar to the Meat Act.

Mr. Chairman, I think my egg title represents a rational approach to an important problem. Together with the poultry title, it would give this Congress the chance to make consumer-protection history in the protein products field. I urge the Subcommittee to adopt it.

STATEMENT BY JAMES S. KOSMO, EDITOR, BLOOMINGTON SUN, BLOOMINGTON, MINN.

Chairman Ellender and honorable committee members, I wish to emphasize the urgent need for new, strict controls both interstate and intrastate in the area of egg products.

Both USDA and FDA currently exercise authority in the area of interstate sale of these frozen, liquid eggs, but virtually no control is afforded the products produced and distributed within any one state. Minnesota is reputed to have one of the finest inspection programs in the nation, according to testimony given by Agriculture Commissioner Russel G. Schwandt. If this is the case, gentlemen, the remaining states of this great nation are in dire need of your help.

Egg whites offer one of the finest incubation mediums available for all forms of bacteria. This is the basic reason the egg is used so predominantly in research. Bacteria injected into eggs will grow very rapidly. This is the phenomenon that occurs if this same egg is removed from its shell and is exposed to the atmosphere in the liquid state.

In past years, the homemaker as well as the commercial cook or baker actually broke the eggs into the mix as it was prepared. This eliminated most opportunity for contamination.

But recently a new industry has become widely accepted by the commercial bakery and restaurant industries. This industry breaks the eggs out of the shells for the cook and packages them in containers of various weights. A 30-pound can is probably the most predominantly used size.

These firms which are experiencing phenomenal growth in business break out the eggs and then pasteurize, package and freeze them. The frozen eggs are then taken to the bakeries and restaurants where they are thawed and used as needed.

The process can be safe and is a great assistance to the busy cook. So, successful is this method, in fact, that some firms are currently considering preparation of small packages which would be sold to the housewife.

There is however an area of great concern to those of us who have been involved with the recent problems with a Minnesota egg processing plant and other problem plants throughout the country.

In this instance the processor purchased low quality eggs, eggs which had been cracked or broken assisting contamination. These eggs are not generally accepted in a USDA inspected plant. Combined with the low quality eggs brought into the plant for processing was the questionable method of preparation for market.

FDA inspectors discovered scores of sanitation violations in equipment, product and operations in that plant, as Sen. Mondale no doubt has already detailed. Aside from the apparent negligence in the matters of common sanitation methods, the inspector also found a bolt had been placed in the safety device on the pasteurization machine preventing proper operation. The bolt was found in what is termed a "flow diversion valve." Simply, the function of this valve is to divert the flow of the liquid being pasteurized back through the entire pasteurization process if the proper pasteurization conditions do not exist. With the bolt inserted in this valve all the product being processed would be permitted to process into the packaging cycle whether or not it had been properly pasteurized.

In this plant the cans in which the pasteurized product were being poured were found to be contaminated some even contained dead flies. Employees were seen placing their hands inside the filled cans and no hand soap was available in the washroom. The product was shipped to another community in non-refrigerated trucks.

The irregularities came to light when suburban sanitarians in Bloomington, Edina and St. Louis Park, Minn. discovered extraordinarily high bacteria counts in the products being delivered to their bakeries and restaurants. FDA confiscated contaminated eggs in Iowa and North Dakota and the State of Iowa found contamination in still more eggs.

The Minnesota Department of Agriculture resisted any criticism of the plant and defended it. Public pressure by Sun Newspapers resulted in the State Agriculture Department moving into the plant to sample each day's production. After two weeks of criticizing the newspaper for sensationalism and hysteria, the Agriculture Department rather red-faced admitted that it had discovered three contaminated batches of eggs during the 15 days of surveillance. The plant was closed by order of Gov. Harold LeVander and completely cleaned and some new equipment installed. The cleanup was under the authority of the state Department of Agriculture.

The plant was closed from Nov. 10 to Nov. 21, 1967. It was then reopened under close state scrutiny and continued in operation until Dec. 14, 1967. During that time another batch of contaminated eggs was produced. On Dec. 14 the owner announced after a meeting with the Minnesota Attorney General that he had decided to close his plant until such time as he could obtain voluntary USDA inspection.

On Dec. 15 the Attorney General's office issued a lengthy statement detailing its findings and concluded "In view of this additional evidence, we concur in the closing of the Lonsdale Company plant pending USDA approval."

The effect of the unsanitary practices, whether accidental or not, at this or any of the other food producing firms providing food for Americans, is difficult to measure. Health officials tell me food poisoning and salmonella infection probably represent the most predominant form of physical illness in the nation today.

The problem of identification of this infection lies in the fact that its effect vary from a mild upset stomach to a potentially fatal attack. The severity of the attack is dependent upon the size and physical condition of the victim, the amount of contamination and the volume of infected food which is consumed.

I doubt if there is a person in the room today who can say he has not suffered "a touch of the flu" during the past year. I am told this common occurrence in modern America is usually the result of food poisoning or salmonella infection.

Even those people who become ill enough to require medical treatment and possible hospitalization are often not listed on the official medical statistics. This occurs because the tests for salmonella are long and difficult. It takes four days to obtain a primary culture and this often is too long to wait for medication. The symptoms readily betray the problem, so, in most cases the doctor merely treats his patient for salmonella infection. The only reason actual verification tests are taken in many cases is to confirm the doctor's theory.

The problem is not new, but it has never been worse and will continue to multiply in severity as rapidly as technology provides unless you act now to halt its spread. This problem is a creature of modern society and the mobility and science of today.

We are on the move. A person may eat dinner in three separate communities in a single day and may encircle the globe to do it. He may also contract a disease en route and become a carrier of that disease.

Traveling or just staying home, we are becoming more dependent upon someone else to prepare our meals. Mother doesn't run to the cellar to collect the raw materials for supper. We just don't eat from the garden anymore. Today we frequently eat out and even when we elect to stay home, the menu is likely to feature turkey, beef or chicken TV dinners. These dinners are commercially prepared.

In each case, whether it be eating out or eating commercially prepared food in the home, we are subjecting ourselves to a product which was produced by a disinterested person. We are eliminating the built-in safety factor of mother who is careful with the meal her family will eat.

Frozen foods open numerous avenues for potential danger. The food may be contaminated during any phase of production or it may be permitted to thaw during any stage prior to consumption . . . in transit, in the warehouse, in the retail outlet or in the consumer's own car or home . . . and refrozen.

Heat from normal cooking generally is sufficient to destroy most pathogenic organisms, but there are many foods which do not require heating and there are others which may not be heated sufficiently throughout . . . these are prime disease producers.

Processed foods, egg products which use raw or nearly raw eggs (egg nog, meringue pies, French toast, etc.)' smoked fish and other foods which require little or no cooking are the most dangerous.

In the case of eggs, milk and other processed foods pasteurization is the best safety procedure. Most milk is now pasteurized, but only a few states require pasteurization of canned, liquid eggs. Proper pasteurization will reduce bacterial counts in whole eggs and egg whites about 99.9 percent. Salmonella kill by pasteurization is 99.999999 percent.

And so, the problem, while it is not a new one, is surely becoming an increasingly severe area of concern. Modern technology is taking mother out of the kitchen and we are depending upon this faceless, disinterested commercial processor to provide a wholesome product.

The problem lies in the fact that millions of dollars are being poured into research and development of product and marketing procedures by the numerous food industries while a disproportionately smaller sum is available for the advancement of health inspection and surveillance.

The disturbing part of the whole affair is the lack of concern for this growing problem by state and federal government agencies which are charged with protection of public health and welfare. Industry has perhaps been more responsible than the major health protection agencies. The mere factor of competition is a form of control for many industries, but it is far from complete. And, then, there is the minority of each industry that will attempt to gain an unfair advantage on the market by shortcutting its health standards.

There are many cases of insanitary food distribution in addition to the Minnesota case I cited earlier.

In mid-summer 1966 an estimated 60 persons became ill after eating barbecued chicken from a neighborhood market. Eight of the victims were hospitalized suffering diarrhea, vomiting, abdominal cramps and fever. Two became dehydrated and required intensive care. The illness was traced to salmonella typhimurium . . . one of the seven salmonella organisms which were also found in the Minnesota eggs, by the way.

Later in 1966 nine infants died of salmonellosis at Cook County Hospital in Chicago. The infants were among 125 cases reported in the hospital which were traced to infected powdered milk and powdered eggs.

Salmonella infection is a serious problem. Dr. James Goddard in November 1967 said it could become the greatest medical problem of contemporary times.

The city of New York experienced an outbreak of salmonella infections in the spring of 1967 in which an estimated 3,500 cases were reported. The infections were traced to a prepared dessert containing liquid eggs. In reaction to the outbreak the city of New York passed an ordinance which prohibits use of

any product in that city which contains salmonella or has microbial counts exceeding specified limitations.

Following last fall's incident in Minnesota many communities in this state passed a similar local ordinance when they became convinced that the state was not properly protecting the public from the danger of contaminated food. Minneapolis, Bloomington, Edina and many other Twin Cities and outlying communities in Minnesota passed this ordinance.

In support of the local government action started by Bloomington Dr. Robert Barr, secretary and executive officer of the Minnesota Health Department, said in a memorandum to Gov. LeVander. "The action by the Bloomington City Council is logical in view of the inadequate regulations of this industry by the state. It would indeed be unfortunate if local government agencies were criticized for taking steps necessary to protect their citizens in the face of the demonstrated inaction by the state.

"Even discounting the salmonella hazard, the Lonsdale Egg Company's products have been shown to be heavily contaminated with coliform organisms which counts as high as 10 million per gram, whereas most frozen egg products regularly contain less than 20 of these organisms per gram. As a comparative figure, coliform concentration in raw sewage is usually less than one million."

Rather than pulling the burden off the back of local government, however, about all the state's chief health officer accomplished was a reprimand from the governor's office when his comments appeared in the Edina Courier, one of the chain of 26 Twin Cities suburban weekly newspapers. Dr. Barr was warned not to "throw stones" in public at another state agency.

This slight stomach flu, as many have called the salmonella infection, is an intestinal infection which may appear in this form or it may be considerably more severe as is often the case. Once contracted, salmonellosis is much more difficult to dispel than the flu, and the victim may be a carrier of the disease long after he appears to have recovered.

In 1957 a record was kept of 300 persons who were infected with salmonella organisms for at least 10 months. In 1961 another 145 persons were infected with salmonella for six months, and in 1963 over 1,000 cases were reported in the Northeastern states and many of these cases persisted for two years.

This, I tell you, is a serious national problem and you must do everything within your power to eliminate it from our society. The states have not seen fit to attack this problem and you are the last resort if we are to retard this completely unnecessary explosion of disease caused by food poisoning and salmonella infections.

A good example of the reliability of the states in protecting the consumer can be witnessed in an incident which occurred in Edina, Minn. as recently as June 20, 1968. Edina Sanitarian James Hensley discovered New York dressed chickens at an Edina grocery store. New York dressed chickens are those which have been plucked but not cleaned.

A call to the state Department of Agriculture drew no sign of concern and no action. Oddly enough Minnesota State Statute 31.602 very clearly prohibits sale of animals in this condition and the Department of Agriculture is charged with the responsibility of policing this industry.

In the June issue of "The Fact Finder", the house organ for Local 653 and Local 653-A, meat cutters and food handlers' unions in Minnesota, the union secretary-treasurer very kindly salutes me as "... that same journalist who broke the egg contamination case that resulted in prompt congressional action to clean up that part of the business." I'm not entirely certain about the accuracy of the union reporter, but I appreciate his kind words and implore you gentlemen to make his statement of prompt congressional action to clean up that part of his business a reality.

Thank you gentlemen.

Senator JORDAN. Miss Furness. Before we hear from Miss Furness, I would like to have a statement by Senator Montoya included in the record. He could not be here this morning. He is recovering from successful chest surgery. He is a sponsor of one of the bills being considered today, S. 2932, and was the sponsor of the Wholesome Meat Act passed last year. Because of his personal interest in this legislation he wanted to make his views known even though he could not

personally be here. Senator Montoya, like Senator Mondale, is a member of the Senate Committee on Agriculture and Forestry.

(The statement referred to follows:)

STATEMENT OF HON. JOSEPH M. MONTOYA, A U.S. SENATOR FROM THE STATE OF NEW MEXICO

INTRODUCTION

Mr. Chairman, members of the Subcommittee. It is indeed a pleasure for me to appear before my own fellow members of the Senate Committee on Agriculture and Forestry and especially before this Subcommittee which is chaired so ably by my colleague and good friend from North Carolina, Senator Jordan. We pass on many worthy measures within this Committee and we are here today to consider one of the most significant pieces of consumer legislation which this Congress will be considering this Session.

I welcome this opportunity to present my statement in strong support of S. 2932, the Wholesome Poultry Products Bill, which Senator Ellender and I introduced on February 6 of this year. On February 26th I also introduced two amendments to S. 2932 which I felt necessary to improve the bill. Copies of these amendments (Nos. 537 and 538) are being made a part of these hearings. Now that I have had time to reflect on what has been proposed, I wish to not only explain what already has been recommended but to make additional suggestions.

The primary purpose of the Wholesome Poultry Products Bill is to assure consumers that all poultry products produced commercially in the United States meet a minimum standard of wholesomeness whether inspected under a Federal or a State system. The intent of S. 2932 is similar to the provisions of the Wholesome Meat Act which I sponsored last year. During deliberations of this Committee, many valuable recommendations were made and the bill which was passed by Congress and became law on December 15, 1967 was a measure we can all be proud of. I announced at that time that I would seek to extend this same assurance to the American consumer of poultry products. S. 2932 will do just that.

MAJOR PROVISIONS OF S. 2932

This bill would provide for the first major overhaul of the Poultry Products Inspection Act since its passage in August, 1957. In essence S. 2932 would do the following:

It would provide for Federal Technical, laboratory and financial assistance to States setting up poultry inspection systems. If the State does not take steps to set up a poultry inspection program within a maximum of two years, the Federal government would provide inspection in that State.

It would give USDA additional authority and control over marketing channels through which unwholesome poultry could reach the consumer.

It would make additional changes to aid administration of the law and strengthen the protection it gives the public against unwholesome adulterated, mislabeled, or deceptively packaged poultry and poultry products.

It requires registration and record-keeping by poultry processors, slaughterers, transporters, storage warehouses, "4-D" (dead, dying, disabled, or diseased poultry operators, and other related industries.

It gives the Secretary of Agriculture access to related poultry industry facilities and records.

It gives the Secretary additional authority over the storage and handling of poultry products.

It deletes certain "retailer" exemptions from Federal Inspection.

It gives additional seizure and condemnation powers over adulterated poultry.

NEED FOR S. 2932

In a nutshell, the above are the major provisions of the bill.

Now let us consider some of the prevailing conditions that have made the proposed amendment to the Poultry Products Inspection Act of 1957 so necessary at this time. The Inspection Act, as administered by USDA's Consumer and Marketing Service, has been a vital aid to consumers. The 1957 law, however, covered only poultry produced in plants that sell products across State lines or in foreign

commerce. In 1966, this amounted to 10.9 billion pounds—or 87 percent of the poultry slaughtered in the United States.

Inspection of the rest of the nation's poultry supply—the 13 percent produced solely for sale within a State's own boundaries—has been left up to the State governments. U.S. Department of Agriculture figures released by Secretary Freeman earlier this year showed that :

12 States have a mandatory law requiring inspection of poultry before and after slaughter of which only four report active inspection programs.

5 States have a voluntary inspection law.

33 States cover the inspection of poultry in general food legislation.

Poultry processing today is an industry with nearly \$3 billion in annual gross sales providing nearly \$2 billion a year to American farmers. The availability of these markets for American poultry—the prosperity and potential for the American food industry—are all built on one primary foundation—the continued confidence of the consumer in the integrity of our poultry supply.

Thus, Congress must make every effort to assure the housewife that the poultry she buys for her family is safe and wholesome. This guarantee today is generally taken for granted. I strongly believe, however, that the poultry inspection program must be improved and the loopholes must be plugged.

This is not to say that the Poultry Products Inspection Act has failed us. To the contrary. It has served us well. But its objectives were limited and fell short of total protection. It must be expanded. What needs to be done can be illustrated by the following examples.

In January of this year, the U.S. Department of Agriculture conducted a survey of 97 non-Federally inspected poultry slaughtering and processing plants in 12 states. The cooperative survey, conducted by Federal poultry inspectors accompanied by State personnel, was made to determine the adequacy of plant and facility sanitation.

USDA's Consumer and Marketing Service, which administers the Federal Poultry Inspection Program, said the survey shows that sanitation conditions in 37 of the plants were basically in compliance with sanitation requirements of Federal inspection. According to the survey report, thirty-four of the plants would need major improvement to bring them into compliance with Federal sanitary requirements; the 26 others could be brought into compliance with moderate changes in plant operations and facilities.

The plants surveyed currently operate under a variety of non-Federal programs, ranging from mandatory inspection by State employees, to spot-checks of plants operating under State and local health and food laws.

Specific features checked in the survey included finish of floors, walls, and ceiling adequacy of drainage, screening of windows and ventilation, processing equipment, adequacy and distribution of water supply, hand washing facilities, rest room facilities, and other physical plant factors which influence the cleanliness and sanitation of slaughtering and processing areas.

Plants surveyed were in the States of Alabama, California, Florida, Georgia, Louisiana, Mississippi, Missouri, North Carolina, Ohio, South Carolina, Texas, and Tennessee. Production in the surveyed plants ranged in volume from 50 to 500,000 birds per week.

From previous hearings on the subject I've learned that unwholesome poultry products can spread 26 different diseases to human beings. The testimony also brought out the fact that children in certain States may be exposed to these diseases through the Federal school lunch program. This is one of the serious loopholes that must be plugged as soon as possible.

In poultry processing plants that are Federally inspected, 4 percent—over 400 million pounds—of the poultry is rejected because it is diseased or contaminated. There is every reason to believe that this percentage would be equivalent or higher in uninspected plants. When we apply the same percentage of rejection to the poultry which is not federally inspected, we get an additional 64 million pounds which should be rejected. Yet, this estimate is likely to be on the conservative side, since there is a practice among some poultry producers to send inferior poultry which would face rejection under Federal inspection to plants which are not Federally inspected.

The total impact of these statistics indicated that each person in the United States, based on the law of averages, is likely to have a diseased, contaminated, or adulterated poultry produce served to him during the year. This is not only unnecessary but completely unpardonable in our modern, technologically advanced society.

Poultry has suddenly become big business. Many of us may not be aware of the extent and scope of this thriving industry. In the House Floor debate on June 13th, it was pointed out that in the modern broiler "factory" production in this industry took off like a jet after World War II and has been going up ever since. U.S. Broiler production went from 310 million birds in 1947 to 2.6 billion birds in 1967. This has been made possible by tremendous technological advances and automation and the creation of giant poultry farms and processing plants.

The typical broiler plant now processes approximately 4,800 birds per hour, with an estimated output of 60 birds per man-hour. These factories have turned to palletized coop-handling, automatic killing, automatic giblet pumping, automatic defeathering, chilling, and wrapping systems; automatic sizing and weighing and icing and box closing, palletized and motorized handling of the finished product and automatic overhead conveyor systems.

Approximately 75 percent of the output of these big modern plants is sold more than 200 miles from the point of slaughter, with the birds being raised in areas of concentrated commercial production far removed from the large cities. This is big business indeed.

COMPARISON WITH H.R. 16363

For most intents and purposes the bill we are considering today (S. 2932) is comparable to H.R. 16363, which the House passed on June 13, 1968. But in all candor I must say that in several ways the Senate bill is by far the better one. In this connection, I should like to point out to this Subcommittee some objections which I feel can be raised to certain provisions of H.R. 16363.

I will mention these objections briefly then comment on them in more detail:

The House wrote into the prohibited acts section that a violation must have been "knowingly" committed (Subsection 9(a)). This means that prosecution of violations will be more difficult and possibly even impossible. The word "knowingly" is not contained in similar sections of either the meat inspection law or the Pure Food and Drug Act.

The House exempted all plants which handle less than \$15,000 worth of poultry a year. (Subsection 15(c)(1)(i) and (ii)). The Secretary of Agriculture was also given the authority to exempt even larger processing operations of farmers who slaughter their own birds from some inspection requirements. This exemption must be eliminated.

What do these omissions and/or additions on the part of the House mean? The bill, H.R. 16363, as passed by the House will make it extremely difficult—if not impossible, to provide the measure of consumer protection to which the American consumer is entitled. I would make the following suggestions to this Subcommittee:

First, I most strongly recommend that the term "knowingly" be deleted from Subsection (a) of H.R. 16363. Or, stated another way, I strongly recommend that the Subcommittee adopt the original language of S. 2932 which does not contain this term. Subsection 9(a) of H.R. 16363 provided that no person shall "knowingly" violate the provisions of the Act. The term "knowingly" was not included in S. 2932 nor in the original version of H.R. 16363. Neither is it included in most statutory prohibitions relating to the protection of public health and safety, such as the Wholesome Meat Act and the Federal Food, and Cosmetic Act.

If the House-passed language were adopted, the defendant's knowledge of all the pertinent facts would have to be proved to establish a violation under the Poultry Products Inspection Act, while prosecution for violation of almost identical provisions of the Federal Food, Drug, and Cosmetic Act or the Wholesome Meat Act would not require such proof.

As a lawyer, I can attest to the fact that it is frequently impossible to establish by sufficient evidence that a defendant "knew" that food he distributed was in violation of the Act—for example, adulterated or misbranded. There would be no legal incentive for the distributor to take appropriate measures for the protection of consumers. If he was caught violating the Act he could simply say that he did not "know" that he was in violation of the Act and it would be next to impossible to prove otherwise.

Further, many processors and distributors are subject to the requirements of all of the Acts named with respect to various aspects of their business operations. Application of different standards of legal responsibility for such operations

would surely result in confusion to the regulated industry as well as the public in general.

Secondly, I would recommend elimination of the "exemption" provisions of Subsection 15(c) (1) of the bill as passed by the House. They would, I feel, also greatly impair the effectiveness of the proposed law in protecting all the Nation's consumers.

From discussions with the Department of Agriculture, I would conclude that there is a definite need to exempt certain small poultry operations from what would be for the Department very costly and impractical continuous inspection. However, those exemptions should be provided for without creating unwarranted consumer protection gaps. Yet, the exemption provisions of Subsection 15(c) (1) in the bill passed by the House would create exactly the kinds of gaps we do not want.

H.R. 16363 would exempt from *all provisions* of the Act poultry producers with respect to poultry of their own raising on their farms if the wholesale dressed value of such poultry which they slaughter on said farms do not exceed \$15,000 during the current calendar year; the poultry producers do not engage in selling dressed poultry or poultry products unfit for human food or in buying or selling poultry products other than those produced from poultry raised on their own farms and none of such poultry moves in "commerce" as defined in the Act.

H.R. 16363 also contains exemptions broader than those proposed by the Department of Agriculture for slaughtering and processing by any person of poultry of his own raising, exclusively for use by him and members of his household and nonpaying guests and employees; and custom slaughtering by any person of poultry delivered by the owner thereof for such slaughter, and processing by the slaughterer, exclusively for such use by the owner of the poultry, if the custom slaughterer does not engage in the business of buying or selling any poultry products capable of use as human food. The last two exemptions would allow the products involved to be moved in "commerce".

Without belaboring the point anymore, Mr. Chairman, suffice it to say that once you start talking about "exemptions" you begin talking about reduced consumer protection. As I have stated, practicalities may call upon us to make provisions for certain exemptions but let us not provide such gapping loopholes that the legislation will be seriously diluted in its effect. For that reason I urge most strongly that the exemption provisions of H.R. 16363 be rejected by this Committee.

Mr. Chairman, I have prepared alternative language which the Committee may wish to consider as a substitute for sections 15(c) and 15(d) of both S. 2932 and H.R. 16363. I am not necessarily proposing this alternative language as a definite amendment but I do recognize that this is a most important aspect of the bill and I have done so in an effort to be of assistance to the Committee. This language is attached as an appendix to my statement.

ANNUAL REPORTS

I will move quickly through other points which I feel should be specifically pointed out to members of the Committee. On February 26, I proposed two amendments to S. 2932 which I felt would further strengthen the bill. One of these, Amendment No. 537, would call for the Secretary of Agriculture to report annually to this Committee and the House Committee on Agriculture with respect to the slaughter of poultry, and the processing, storage, handling, and distribution of poultry products, and inspection of such operations.

This is identical language to the provision which we wrote into the Wholesome Meat Act last year. It would insure that Congress is kept continually informed of the effectiveness of this legislation. It would avert such instances as were revealed during hearings on the Wholesome Meat Act last year where the Secretary of Agriculture had been secretly sitting on information gathered by his Department on the sad state of certain meat processing practices in this country. It would also strengthen the Secretary's hand when he goes to the industry requesting certain necessary data from them in order to comply with this directive.

This provision was left off S. 2932 when originally introduced through an oversight on my part although I feel confident that the Bureau of the Budget—always thinking of economy—would much rather that the provision not be adopted. While I can appreciate the Bureau of the Budget's feelings, I think that not only do we here in Congress want to be kept informed of these matters on an annual basis, but I also think that it is incumbent for us to insist on such annual reports for the added protection of our consumers. Nothing is a more effective deterrent

to bad practice than public revelation of those practices. The House has approved a similar provision.

MANDATORY STATE INSPECTION

A second amendment which I proposed on February 26, is Amendment No. 538. This amendment provides for the simple addition of the word "mandatory" on page 14, line 8, of S. 2932 before the word "ante-". This would insure that any State which the Secretary assists must have enacted a State poultry inspection law that imposes *mandatory ante-mortem* and *post-mortem*.

The purpose of the lot-by-lot mandatory *ante-mortem* inspection is to alert inspection personnel and plant management to the general health condition of a given lot of poultry to be processed. Also, in the event of certain infectious diseases such as "ornathosis" being detected, plant employees as well as inspectors would be protected because the flock would be quarantined.

A bird-by-bird mandatory *post-mortem* examination must be required since this is the only positive means of assuring that each and every carcass and its parts are wholesome and not adulterated.

The Department of Agriculture informs me that the "mandatory" requirement is to be implied from the act. However, I feel that it is essential enough that it should be specifically spelled out and not left to implication.

Again, I am happy to say Mr. Chairman, that the House has adopted this amendment also.

A last suggestion which I would wish to make would be that the Committee completely eliminate Section 5(c) (5), of S. 2932, beginning on page 19, line 23 and following. This Section would provide that any poultry products processed under States inspection which the Secretary of Agriculture has determined is at least equal to those of Federal inspection shall be eligible to ship in interstate commerce under the act in the same manner as poultry products produced in Federally inspected plants. While I had suggested that perhaps this should be the case when we were considering the Wholesome Meat Act last year, upon further reflection I do not believe that it would be the wise thing to do.

The House has wisely moved to delete this provision from the House bill thus denying products processed in qualified State-inspected plants from moving in interstate commerce. There would be too many opportunities for poultry products not of the same high quality which is demanded and insured by Federal inspection to move into commerce. Protection of our consumers demands that we not permit this to happen.

COST OF PROGRAM

Departmental witnesses stated during House hearings that the estimated additional Federal costs of this legislation would be \$5 million for the first full year of operation and that such costs would be about \$10 million annually when all 50 States were cooperating assuming the States pay 50 percent of the total cost of their inspection programs.

SUMMARY

In concluding, Mr. Chairman, I would like to briefly summarize the many points which I have brought out in this statement.

In essence, the legislation which we are considering here today to insure wholesome poultry products is virtually identical with the legislation which we passed last year S. 2932 would—

Provide for Federal Technical, laboratory and financial assistance to States setting up poultry inspection systems. If the State did not take steps to set up a poultry inspection program within a maximum of two years, the Federal Government would provide inspection in that State.

Give USDA additional authority and control over marketing channels through which unwholesome poultry could reach the consumer.

Make additional changes to aid administration of the law and strengthen the protection it gives the public against unwholesome, adulterated, mislabeled or deceptively packaged poultry and poultry products.

Requires registration and record-keeping by poultry processors, slaughterers, transporters, storage warehouses, "4-D" (dead, dying, disabled, or diseased) poultry operators, and other related industries.

Gives the Secretary access to related poultry industry facilities and records.

Gives the Secretary additional authority over the storage and handling of poultry products.

Deletes certain "retailer" exemptions from Federal inspection.

Gives additional seizure and condemnation powers over adulterated poultry.

In addition, the House in acting on H.R. 16363, took several actions which I have also proposed that this Committee take. Among them are:

Require annual reports to the appropriate committees of Congress on the execution, operations under, and the effectiveness of the Act.

Require States to have mandatory poultry inspection programs at least equal to Federal programs.

Deleted a provision allowing poultry products processed in qualified State-inspected plants to move in interstate Commerce.

The House also adopted a number of amendments which I would strongly recommend to this Committee that the Committee not adopt as follows:

Provision that a violation of the Act must have been "knowingly" committed.

Exception of all plants from all provisions of the Act if they handle less than \$15,000 worth of poultry products a year. The Secretary has discretionary authority in both the House Bill and in the pending Senate Bill to accomplish the intent of this provision. Under this authority there is less opportunity for unwholesome poultry product to reach the consumer.

Mr. Chairman, this concludes my prepared statement. I thank the Committee members for being so patient and attentive and I look forward to our further deliberations within the Committee on this measure.

APPENDIX FOR POULTRY BILL STATEMENT ALTERNATE LANGUAGE FOR SECTION 15(C) AND (D)

"(c) (1) The Secretary shall, by regulation and under such conditions, including sanitary standards, practices and procedures, as he may prescribe, exempt from specific provisions of this Act: (i) the slaughtering by any person of poultry of his own raising, and the processing by him and transportation in commerce of the poultry products exclusively for use by him and members of his household and his nonpaying guests and employees; (ii) the custom slaughter by any person of poultry delivered by the owner thereof for such slaughter, and the processing of such slaughterer and transportation in commerce of the poultry products exclusively for use, in the household of such owner, by him and members of his household and his nonpaying guests and employees: *Provided*, that such custom slaughterer does not engage in the business of buying or selling any poultry products capable of use as human food; (iii) the slaughtering and processing of poultry products in any State or Territory or the District of Columbia by any poultry producer on his own premises with respect to sound and healthy poultry raised on his premises and the distribution by any person solely within such jurisdiction of the poultry products derived from such operations, if, in lieu of other labeling requirements, such poultry products are identified with the name and address of such poultry producer, and if they are not otherwise misbranded, and are sound, clean, and fit for human food when so distributed; and (iv) the slaughtering of sound and healthy poultry or the processing of poultry products of such poultry in any State or Territory or the District of Columbia by any poultry producer or other person for distribution by him solely within such jurisdiction directly to household consumers, restaurants, hotels, and boarding houses, for use in their own dining rooms or in the preparation of meals for sales direct to consumers, if, in lieu of other labeling requirements, such poultry products are identified with the name and address of the processor, and if they are not otherwise misbranded and are sound, clean, and fit for human food when distributed by such processor: *Provided*, that the exemptions provided for in subparagraphs (iii) and (iv) shall not apply if the poultry producer or other person engaged in the current calendar year in the business of buying or selling any poultry or poultry products other than as specified in such subparagraphs, or if the number of head of poultry processed by him in the current calendar year exceeds such limits as the Secretary may by regulation prescribe as appropriate to avoid a requirement of inspection of processing operations of such a size that the cost of furnishing inspection would be excessive in relation to the volume processed or the rendering of inspection would otherwise be impracticable.

"(3) In addition to the specific exemptions provided herein, the Secretary shall, when he determines that the protection of consumers from adulterated or misbranded poultry products will not be impaired by such action, provided by regulation for further exempting the operation and products of small enter-

prises (including poultry producers) engaged in any State or Territory or the District of Columbia in slaughtering and/or cutting up poultry for distribution as carcasses or parts thereof solely for distribution within such jurisdiction, from such provisions of this Act as he deems appropriate, while still protecting the public from adulterated or misbranded products, under such conditions, including sanitary requirements, as he shall prescribe to effectuate the purposes of this Act.

"(d) The adulteration and misbranding provisions of this Act, other than the requirement of the inspection legend, shall apply to articles which are exempted from inspection under this section, except as otherwise specified under paragraphs (a) and (c)."

Senator JORDAN. Miss Furness. We are glad to have you with us. Is there anybody else you wish to have with you?

STATEMENT OF MISS BETTY FURNESS, SPECIAL ASSISTANT TO THE PRESIDENT FOR CONSUMER AFFAIRS, AND LESLIE V. DIX, DIRECTOR FOR LEGISLATIVE AFFAIRS, PRESIDENT'S COMMITTEE ON CONSUMER INTERESTS

Miss FURNESS. Mr. Leslie Dix, Director for Legislative Affairs in my office.

Senator JORDAN. You may proceed. I see you have a prepared statement. You may follow it.

Miss FURNESS. It is reasonably brief and if you do not mind, I would like to read it.

Senator JACKSON. You may do so.

Miss FURNESS. Thank you.

Mr. Chairman, I appreciate the opportunity to testify on the wholesome poultry products legislation. I have a letter to the committee in addition to my testimony, which I request permission to submit for the record.

Senator JORDAN. It will be included.

(The letter referred to follows:)

THE WHITE HOUSE,
Washington, July 1, 1968.

HON. B. EVERETT JORDAN,

*Chairman, Subcommittee on Agricultural Research and General Legislation,
Committee on Agriculture and Forestry, U.S. Senate, Washington, D.C.*

DEAR MR. CHAIRMAN: I am happy to have the opportunity to endorse legislation which would extend Federal standards for inspection of poultry and poultry products to areas which presently have no inspection or, at best, have inadequate inspection. It is time to remedy the deficiencies in our present poultry inspection system, and the bills which you are considering, H.R. 16363, passed by the House of Representatives, and S. 2932, S. 3383, and S. 2846, represent an attempt to achieve the first major overhaul of the Poultry Products Inspection Act since its enactment in 1957.

The dimensions of the problem are indeed formidable: 1.6 billion pounds of live weight poultry per year are not currently examined by Federal inspectors. In many cases, this means that there is no inspection at all. Although 13 states have established mandatory programs, only four of these states have active inspection programs. Even in the four states, plant employees sometimes double as inspectors and inspection is often by spot-check. Of the remaining 37 states, 32 are governed by general food laws which, in the case of poultry, do not make two requirements which are basic to poultry inspection—continuous inspection and examination of each individual carcass after slaughter. Five states provide for inspection on a voluntary basis but there seems to be very little use of this system.

In January of this year visits were made by poultry inspection personnel to retail outlets in 16 different states in order to examine noninspected poultry carcasses. Of the 316 samples examined, 259 samples contained a total of 491 errors, such as feathers and hair which had not been removed from the carcass.

20 percent of the carcasses observed would have been rejected as unwholesome under Federal inspection because of disease and contamination defects.

Federal inspection, which includes examination by lots before slaughter and examination bird-by-bird after slaughter, is based on tests for wholesomeness, sanitary processing conditions, and truth-in-labeling. Federal inspectors examine for noxious substances which may remain in poultry after it has been exposed to pesticides, growth-promoting materials, and drugs, and they are on the alert for cases of adulteration by water or other substances. High standards of inspection which will eliminate diseased poultry are essential, for there is evidence to show that poultry, more than any domestic animal in the United States, is the greatest potential source of paratyphoid infection, and that a number of diseases carried by poultry are transmissible to man. I do not believe that I need to stress further the importance of careful inspection of products which will eventually reach the dinner tables of the American people.

The President, in his Consumer Message of February 1968, recommended legislation following the pattern of the Wholesome Meat Act (Pub. L. 90-201, 81 Stat. 584) to help states develop their own programs and train inspectors. He commented that in Federally inspected poultry processing plants, four percent—over 400 million pounds—of poultry is rejected because of disease and contamination. It is logical to assume that the percentage of rejection would be even higher in uninspected plants.

H.R. 16363 updates and greatly strengthens the 1957 Poultry Products Inspection Act, but it contains several provisions which this office strongly opposes. Section 9 now provides that no person shall *knowingly* (emphasis supplied) slaughter, transport, sell, receive, or label poultry products capable of use as human food in non-compliance with the Act. The inclusion of the word "knowingly" severely weakens the impact of the bill because of the great difficulty in proving that a producer or processor acted with clear and definite intent. It does not seem logical to include scienter in the poultry bill when neither the Pure Food and Drug Act nor the Wholesome Meat Act require it. For the sake of clarity and effective administration of both bills, the proposed poultry legislation should concur, whenever possible, with the Wholesome Meat Act. It is strongly urged therefore, that the word "knowingly" in Section 9 of H.R. 16363 *not* be incorporated in the Senate version of the bill.

The Senate bills under consideration provide new exemptions for poultry raised for the producer or processor's own use or for poultry which is custom slaughtered. H.R. 16363 also includes an exemption for any person who slaughters, processes, or sells poultry with a wholesale dressed value not exceeding \$15,000 a year, if none of it moves in commerce, and an exemption for the producer whose poultry is raised on his own farm if (a) the wholesale dressed value is not over \$15,000 a year, (b) the producer does not buy or sell poultry other than his own, and (c) none of the poultry moves in interstate commerce. My office opposes the exemption of any poultry products raised for the marketplace. We would, therefore, in conformity with the Wholesome Meat Act, limit new exemptions to the Poultry Products Inspection Act to those proposed in H.R. 16363 and S. 2932.

S. 2932, Section 5(a)(1) pertaining to state poultry product inspection programs does not contain the word "mandatory." This word was included in the Wholesome Meat Act to insure that no plant would be exempt from Federal inspection unless a mandatory state law was on the books. It is hoped that the word "mandatory" will be added in the Senate bill before the words "ante-mortem and post-mortem," thereby eliminating any possibility for misunderstanding.

The inclusion in H.R. 16363 and S. 3383 of both the provision for annual review of state programs by the Secretary of Agriculture and annual reports to appropriate Senate and House Committees is commendable. It is essential that state programs be reviewed with enough regularity to discourage the possibility of state inspection falling below Federal standards.

H.R. 16363 and S. 2932 provide a two-year period in which states can establish, with Federal assistance, inspection programs at least equal to Federal inspection. S. 2846, on the other hand, extends Federal inspection to *all* poultry products, whether there is an adequate state program or not. S. 3383 provides that all poultry products must be inspected but exempts state programs with standards at least equal to Federal inspection requirements. According to S. 3383, Federal inspection is to begin immediately, inspected by Federal authorities in the interim. This office urges the Senate to adopt the provisions of H.R. 16363 and S. 2932 which allow the states to provide their own inspection programs if they will

do so and which provide time for the development of these programs before Federal inspection would begin. We would amend this, however, to permit immediate Federal inspection in those states which produce little poultry and which determine before the end of the two-year period that they will not go to the expense of setting up an inspection program. There is no reason to wait two years for adequate inspection of poultry in such states.

This office strongly disapproves of the provision in S. 2932, Section 5(c)(5), which permits state-inspected poultry products to be shipped in interstate commerce under a combined State-Federal official inspection seal. Such a provision could lead to serious loopholes in the Federal inspection system and possible health dangers, for between periods of rechecking it is possible that a state program might not measure up to the "equal" standard. It could open the door for weakening of the Wholesome Meat Act. A similar provision was deleted from H.R. 16363; we urge the Senate to concur in this action and to pass a bill which contains the exact inspection standards of the Wholesome Meat Act.

The Agriculture Department has recently made a decision to merge its meat and poultry inspection units into a single food inspection agency, thereby underscoring the need to pattern inspection standards in the poultry bill as much as possible along the same basic lines as the Wholesome Meat Act. Congress wisely provided greater protection for the American consumer in the Wholesome Meat Act by retaining the Federal inspection program as it is while taking steps to bring state inspection up to the Federal level. It would be illogical not to make the same requirements for poultry.

Accordingly, we urge favorable action on H.R. 16363, subject to the incorporation of the amendments proposed in this letter.

Sincerely,

BETTY FURNESS,

Special Assistant to the President for Consumer Affairs.

ANALYSIS OF SELECTED SECTIONS OF H.R. 16363, S. 2932, S. 3383 (TITLE I) AND S. 2846¹

The general purpose of H.R. 16363 and S. 2932, cited as the "Wholesome Poultry Products Act," is "to clarify and otherwise amend the 1957 Poultry Products Inspection Act to provide for cooperation with appropriate State agencies with regard to State poultry products inspection programs." Title I of S. 3383 and S. 2846 amend the Poultry Products Inspection Act to provide for the mandatory inspection of all poultry and poultry products intended for human food.

It is recognized, in *Section 2*, that unwholesome, adulterated, mislabeled, or deceptively packaged poultry products interfere with the effective regulation of poultry in interstate and foreign commerce. H.R. 16363 and S. 2932 further recognize that such products may be injurious to health and welfare, and that because they can be sold at lower prices, they have an unfair competitive advantage in the marketplace.

COMMENT

H.R. 16363 and S. 2932 are designed to eliminate these problems by retaining the Federal inspection program as it is while taking steps to bring State inspection up to the Federal level. S. 3383 and S. 2846 state that in order to protect interstate commerce in poultry inspected for wholesomeness from being adversely burdened, obstructed, or affected by uninspected poultry processed and distributed wholly within any State, it is necessary under this Act to inspect all poultry and poultry products intended for human consumption.

Section 4 provides definitions for terms used in the bills.

COMMENT

S. 3383, Title I, Section 4(f) includes, within the definition of "poultry product," margarine, whenever it is manufactured in whole or in part from poultry carcasses. Although the Food and Drug Administration and the Department of Agriculture regulations do not at present permit the use of poultry fat in margarine, these regulations could be changed at any time. It seems wise to provide for such a contingency by including margarine in the definition of poultry products.

¹ Except as otherwise noted, section numbers refer to H.R. 16363, S. 2932, and Title I of S. 3383.

Section 5 sets forth the provisions for Federal-State cooperation.

COMMENT

As in Title III of the Wholesome Meat Act (Pub. L. 90-201, 81 Stat. 584), this cooperation is to be achieved through technical and planning assistance, cooperation between agencies, and grants up to fifty percent of the cost of setting up State programs.

The language of S. 2932, Section 5(a) (1) unfortunately does not contain the word "mandatory." The reason for including this word in the Wholesome Meat Act was to insure that no plant would be exempt from Federal inspection unless a mandatory State inspection law was in existence. The omission of the word "mandatory" in S. 2932 can be misinterpreted to permit States with voluntary laws to comply.

In H.R. 16363, Section 5(a) (1) includes the word "mandatory," but places it prior to the word "State" (line 20). It seems more accurate to place the word "mandatory" before the words "ante-mortem and post-mortem." This would prevent any misinterpretation of Congressional intent, provide clarity in the legislative history of the bill, and insure consistency with the Wholesome Meat Act.

Section 5(c) (1) of H.R. 16363 and S. 2932 provides that if a State has not developed or is not enforcing an inspection system at least equal to the Federal program by 30 days prior to the expiration of 2 years after this Act takes effect, the Secretary of Agriculture shall notify the State Governor. After consultation with the Governor, if it is ascertained that such a program has not been developed and activated, the Secretary shall extend the provisions of this Act to intrastate poultry operations and transactions at the expiration of the two-year period.

S. 2846 and S. 3383, Title I, provide immediate Federal inspection of *all* poultry and poultry products intended for human consumption. S. 3383, Title I, Section 5(b) (1) provides an exemption for poultry distributed only within the State if the State imposes mandatory inspection at least equal to that required by the Act. During the time that a State is developing a program, however, it would be under Federal inspection.

COMMENT

Section 5(c) (1) of H.R. 16363 and S. 2932 is in conformity with the Wholesome Meat Act and is in complete accord with the President's goal of encouraging the States to provide more stringent inspection standards for themselves. My office favors the provision contained in these bills which extends inspection to intrastate plants only if, at the end of the two-year period, the State has not developed its own program of inspection.

This office recommends inclusion of a waiver provision to apply in the case of States which have very few poultry producers or processors and which decide, therefore, not to finance a State program. In such cases, the provisions of the Wholesome Poultry Products Act with regard to the two-year period should be set aside so that Federal inspection could begin immediately in these States.

H.R. 16363, Section 5(c) (4), S. 3383, Section 5(b) (7) and Section 26, and the Wholesome Meat Act contain provisions for annual review of State-developed programs, including requirements, enforcements, and effectiveness. They also require annual reports to the Senate Committee on Agriculture and Forestry and the House Committee on Agriculture. Section 5(c) (4) of S. 2932 refers to periodic reviews and there is no provision for annual reports to Congress. Annual review is extremely important to insure that State programs do not fall below Federal standards. Section 5(c) (4) should be changed to require annual review and annual reports to Congress.

Section 5(c) (5) of S. 2932 provides that State-inspected poultry products bearing a combined State-Federal official inspection mark can be shipped in interstate commerce. This provision is at odds with the intent of S. 2932. It could provide a wedge for reopening, and substantially weakening, the Wholesome Meat Act and it could lead to serious loopholes in the entire Federal inspection system, for a State might not be able to maintain the "equal" standards during periods between rechecking by Federal inspectors. In addition, enforcement will vary from State to State and between State programs and the Federal program. Regulations of individual States are also likely to vary.

Section 6 provides various amendments to the Poultry Products Inspection Act so that, in its amended state, the Act would require inspection for poultry

products both ante-mortem and post-mortem and would condemn adulterated poultry carcasses and parts.

Section 7 relates to sanitation requirements in poultry establishments.

Section 8 provides amendments to the Poultry Products Inspection Act with regard to labeling of poultry products. These recommendations would provide greater uniformity in labeling and would help eliminate fraud. The Secretary of Agriculture is authorized to prescribe the style and type of labeling and standards of fill for containers. Any person who marks or labels any container in a manner which is false or misleading may be forbidden to continue such practice or use.

Section 9(a) of S. 2932 provides that no person shall slaughter, process, sell, transport, receive, or label any poultry products capable of use as human food in non-compliance with this Act. S. 3383 includes in addition the words "introduce or deliver for introduction" and "store."

COMMENT

H.R. 16363 includes the word "knowingly" in this provision, which greatly weakens the impact of the legislation because of the difficulty of proving in court that the Act was violated with specific intent. It seems illogical to include scienter when neither the Pure Food and Drug Act nor the Wholesome Meat Act do so.

Section 10 of H.R. 16363 and S. 2932 amends the Poultry Products Inspection Act to prohibit establishments *subject to the Act* (emphasis added) from processing poultry except in compliance with the Act. S. 3383 forbids any establishment processing poultry *for human consumption* (emphasis added) from processing in noncompliance with the Act.

Section 11 provides that poultry which is not to be used for human food must be denatured before being offered for sale or transportation in commerce. In addition, Section 11 sets forth requirements for record-keeping and examination of facilities and records by Federal inspectors; requirements for registration when directed by regulations of the Secretary; and provisions applicable to persons who deal with dead, dying, disabled, or diseased poultry.

Penalties are provided in Section 12.

Section 14 of the Act would now give the Secretary of Agriculture authority to prescribe, when necessary to prevent adulteration, conditions under which poultry products are to be stored, handled, transported, and frozen.

Section 14 of S. 2932 amends Section 15 of the Poultry Products Inspection Act to provide an exemption for poultry raised by the producer or processor exclusively for use by him, his household, and his non-paying guests and employees, and an exemption for custom slaughter of poultry delivered by the owner for such purpose and used exclusively in the household of the owner if the custom slaughter does not engage in the business of buying or selling poultry products capable of use as human food.

COMMENT

H.R. 16363 provides, in addition, exemption for any person who slaughters, processes, or sells poultry with a wholesale dressed value not exceeding \$15,000 a year, if none of the poultry moves in commerce; and exemption for poultry producers for poultry raised on their own farm if (a) the wholesale dressed value of such poultry which they slaughter is not more than \$15,000 a year, (b) they do not buy or sell poultry other than their own, and (c) none of the poultry moves in interstate commerce.

In conformity with the Wholesome Meat Act, this office urges the rejection of the two additional amendments set forth in H.R. 16363. The health and well-being of the American people are in jeopardy if *any* poultry products in the marketplace are not properly inspected.

H.R. 16363, S. 2932, and S. 3383 all delete paragraph (a) (1), Section 464 from the 1957 Poultry Products Inspection Act. This section exempts poultry producers with respect to poultry of their own raising which they sell directly to household consumers or restaurants, hotels, and boarding houses for use in sales direct to consumers if the producers do not engage in buying or selling poultry other than that raised on their own farms.

H.R. 16363 and S. 2932 exempt operations of the type "traditionally and usually conducted at retail stores and restaurants, when such operations are conducted at retail stores or restaurants or similar retail-type establishments for sale in normal retail quantities or service of such products to consumers at such establishments," provided that these operations are not included elsewhere in the Act.

Under S. 3383 the Secretary may exempt such operations provided that certain sanitation standards are met.

Section 16 (Section 17 of the Poultry Products Inspection Act) deals with importation of adulterated or misbranded poultry.

Section 18 of the Poultry Products Inspection Act is amended to provide for refusal or withdrawal of inspection service under the Act, opportunity for a hearing, and judicial review.

Section 19 authorizes the Secretary to seize and detain, up to 20 days, poultry believed to be adulterated, misbranded, or illegally distributed.

Section 20 provides for seizure of poultry products being transported in commerce if they are in violation of the Act.

Section 21 specifies courts which have jurisdiction over violations of the Act.

Section 22 incorporates by reference actions of the Federal Trade Commission Act and the Communications Act of 1934 pertaining to administration and enforcement of the Act.

Section 23 (Section 24 in S. 3383) provides for separation of State and Federal authority.

Section 24 (Section 23 in S. 3383) specifies that poultry is exempt from the Federal, Food, Drug and Cosmetic Act except to the extent that authority was conferred by that Act prior to the enactment of the Wholesome Poultry Products Act.

Miss FURNESS. I have come here this morning to urge the enactment of a strong poultry inspection act.

This Congress has earned for itself the reputation of being the most consumer-conscious in our history. You have enacted some landmark consumer legislation in both this session and the last.

Not the least of that legislation was the Wholesome Meat Act which will help insure that all the meat and meat products consumed in this country will be clean and healthful.

The logical sequel to that bill, the companion piece of legislation, is the Wholesome Poultry Products Act.

The original Poultry Inspection Act, passed in 1957, like the original meat inspection law 50 years earlier, established Federal inspection only for products involved in interstate commerce.

Due to this unfortunate loophole, in a year's time 1.6 billion pounds of live weight poultry is not examined by Federal inspectors.

All too often—very often, as a matter of fact—that means no inspection whatsoever.

Thirty-seven of our States and the District of Columbia have no mandatory poultry inspection laws.

Only four States have poultry inspection systems that can be in any way described as active.

Even in this top four—California, North Carolina, Wyoming, and Illinois—inspection is often by spot check and plant employees sometimes double as inspectors.

As a result of incredibly inadequate inspection there is not a place in the United States—no city or village or wayside stand—where you can order a chicken sandwich with the confidence you are not endangering you health.

And the health problems with poultry are hardly paltry, gentlemen.

Poultry carries more diseases more often than any other walking, flying or swimming foodstuff consumed in the United States—more than sheep or beef, fish or hogs.

Poultry is known to carry 26 different diseases. Diseases that can be as painful as they are hard to pronounce: psittacosis and salmonellosis, pneumoencephalitis and erysipelas, streptococcal infections and staphylococcal food poisoning.

It is estimated that somewhere around 1 million cases of salmonellosis occurred in the United States last year. Half of those cases are believed to have been caused by foul fowl.

Salmonellosis, as you probably know, can produce intense pain and diarrhea for anywhere from 3 days to 4 weeks.

Although it is rare, some fowl-carried diseases can be and have been fatal.

I think we have a basic obligation to the public to do whatever we can to insure that diseased food does not reach American tables.

And I think it is clear that most of the diseased fowl that does reach those tables comes by way of noninspection.

Recently, Federal poultry inspectors visited 37 different marketplaces in 16 different States to examine the carcasses of noninspected poultry.

They examined 316 samples and found 491 defects that would render the poultry not ready to cook—defects so unappetizing that I choose not to go into detail.

The Federal inspectors found 21 different instances of disease in the fowl that was up for sale and 20 percent of all that poultry would have been rejected as unwholesome under Federal inspection.

Gentlemen, I believe that all the poultry sold in this country—whether by one-man farms or supermarkets, mom and pop stores, or buy-it-by-the-bucket chains—should be subjected to the high standards of Federal inspection.

I urge that this committee approve and this Senate enact H.R. 16363, the bill already passed by the House of Representatives.

But there are several provisions now in the bill that I strongly feel should be deleted.

First of all, the bill now says that no person shall knowingly slaughter, transport, sell, receive or label products capable of use as human food without complying with the other provisions of the act.

I see no good reason why that word “knowingly” should be inserted. It does not appear in the Pure Food and Drug Act and it does not appear in the Meat Inspection Act. Why are chickens so different?

If the Government must prove that the producer or slaughterer or whoever actually knew he was violating the act, the Agriculture Department will need more lawyers than inspectors.

I urge you to take the “knowingly” out of the bill and thereby restore its meaning.

I also believe that the House bill’s provisions that small producers—those doing less than \$15,000 a year in poultry business—be exempted should be deleted.

I very firmly believe that anyone who sells poultry to the public should have his produce inspected and inspected properly.

A man’s health can be endangered just as easily by a diseased duck from a little pond as one from a lake.

I believe that what the consumer wants in the way of a poultry products act, is mandatory, regularly reviewed, federally equivalent inspection of all poultry and poultry products sold anywhere in this country.

I am told that the average American consumes 46.3 pounds of poultry each year. With the passage of a good, strong, progressive poultry act, every one of us will be 46.3 pounds better off, 46.3 pounds

more grateful to you, and as you know, 46.3 pounds of gratitude multiplied by 200 million is no light load.

I thank you.

Senator JORDAN. Thank you, Miss Furness. We are glad to have you with us. It is a good statement.

Do you have anything to add to this?

Mr. DIX. Mr. Chairman, the only thing that I could add to Miss Furness' testimony is that we certainly would join in endorsing Senator Mondale's concern as expressed about the egg problem. But from a parliamentary point of view, at this late date in this Congress, we would suggest that favorable consideration be given to the egg problem in subject area a separate bill. We feel that to try and include eggs in the poultry bill might jeopardize the bill now before you.

Senator JORDAN. In other words, you do not think it would be wise to try to attach it to this bill here.

Miss FURNESS. Only if you think so.

Mr. DIX. It is up to you, sir—of course.

Senator JORDAN. It is rather late in the session as you pointed out, and then you would have to go back to a different bill in the House.

Miss FURNESS. We do favor H.R. 16363, and I certainly think that eggs require our next attention if it is not possible to include them at this time, or not practical.

Senator JORDAN. As many things as you say are wrong with chickens—where did you learn all those words you said?

Miss FURNESS. That wasn't easy and I did stumble a little.

Senator JORDAN. There must be something wrong with a lot of the eggs, too.

We appreciate your being with us.

Miss FURNESS. Thank you.

Senator JORDAN. Mr. Rodney Leonard, Administrator, Consumer and Marketing Service, Department of Agriculture.

STATEMENT OF RODNEY E. LEONARD, ADMINISTRATOR, CONSUMER AND MARKETING SERVICE; CHARLES W. BUCY, ASSISTANT GENERAL COUNSEL FOR MARKETING, REGULATORY LAWS, RESEARCH, AND OPERATIONS, OFFICE OF THE GENERAL COUNSEL; AND DR. ROBERT K. SOMERS, DEPUTY ADMINISTRATOR, CONSUMER PROTECTION, CONSUMER AND MARKETING SERVICE, U.S. DEPARTMENT OF AGRICULTURE

Mr. LEONARD. Mr. Chairman, I have with me Charles Bucy from the Office of the General Counsel and Dr. Robert Somers who is the Deputy Administrator for our consumer protection program.

Senator JORDAN. You may proceed as you wish.

Mr. LEONARD. Mr. Chairman, I am here today to urge favorable action by this committee on H.R. 16363, a proposal to amend the Poultry Products Inspection Act. This bill, passed by the House of Representatives, is similar to the Wholesome Meat Act, which was approved by the Congress last year and became law on December 15, 1967.

The bill is designed to strengthen the ability of Federal and State governments to protect the Nation's consumers—and to provide an

environment where the poultry processing industry will continue to flourish, and the poultry producer will have a strong market for healthy birds. Poultry processing today is an industry with nearly \$3 billion in annual gross sales—and, in turn, it provides income of nearly \$2 billion a year to American farmers.

The availability of these markets for American poultry—the prosperity and potential for the American food industry—are all built on one primary foundation: continued confidence of the consumer in the integrity of our poultry supply.

Thus, we must make every effort to assure that the poultry the consumer buys for her family is safe and wholesome. This guarantee today is generally taken for granted. We believe, however, that the poultry inspection program must be strengthened.

Eleven years ago Congress passed legislation establishing a Federal inspection system for poultry and poultry products processed by plants shipping in interstate and foreign commerce and in designated major consuming areas. This legislation is known as the Poultry Products Inspection Act. The inspection system developed under that act is a good one. It has served us well. It is a system which warrants the confidence of the consumer because it assures that poultry or poultry products carrying its mark are wholesome, unadulterated, and honestly labeled when they leave the inspected plants.

Yet, this legislation does not provide complete assurance that consumers have access to wholesome poultry because not all poultry sold is inspected adequately, or at all.

The proposed bill would correct this deficiency. It seeks to do this by amending the Poultry Products Inspection Act, not by replacing it. The proposed legislation would:

First, authorize cooperative arrangements with State authorities, through which the Federal Government can help develop trained staffs and provide financial and other assistance to encourage effective State poultry inspection programs. The States would have 2 years to implement a poultry inspection system at least equal to the Federal program. The Secretary could extend this deadline an additional year if he had reason to believe the State would activate the necessary requirements within this time.

Second, it would provide for the extension of the Federal requirements to intrastate activities after the specified periods if a State is not enforcing requirements at least equal to the Federal provisions.

Third, it would allow Federal inspection in any intrastate establishment processing poultry products solely for intrastate commerce if it produces adulterated products which clearly endanger the public health.

The Poultry Products Inspection Act now requires Federal inspection of plants preparing poultry products for interstate or foreign commerce or distribution in designated major consuming areas. About 87 percent of the poultry sold off farms is inspected under the act and about 13 percent is prepared by plants shipping solely within a State. Over 1.6 billion pounds of poultry is slaughtered each year outside Federal inspection.

The provision for the designation of “major consumer areas”—a provision which was intended to provide inspection to certain intrastate operators has been ineffective. Since passage of the law, no areas

have been designated. This is because of several problems: (1) the Secretary may not himself initiate action for designation but such action must be originated by an appropriate State or local official or agency or local poultry industry group in such an area, and (2) the Secretary must find that the volume of noninspected poultry or poultry products is such as to burden the movement of inspected poultry products in commerce, as defined in the act, and that the designation of the area will tend to effectuate the purposes of the act. One request was made to designate the entire State of Georgia; however, since the act did not contemplate designation of an entire State, that request was subsequently withdrawn.

The other was a request to designate the city of St. Louis as a major consuming area on the basis that noninspected poultry was obstructing the movement of inspected poultry in interstate commerce. However, when the newspaper publicity on the request came about, the noninspected poultry more or less dried up in St. Louis.

Senator JORDAN. How could that happen? I am just asking for information. What did you say the movement of noninspected poultry was doing to inspected poultry?

Mr. LEONARD. When it moves into a major consuming area or an area like St. Louis, it tends to drive out the inspected products.

Senator JORDAN. Why?

Mr. LEONARD. There usually is a price advantage, less cost.

Senator JORDAN. Well, I do not quite see why it would, because the Federal Government pays all the inspectors inspecting poultry. Why would it change the cost of poultry?

Mr. BUCY. Poultry that would have been condemned in a Federal plant at a loss to the plant and the producer could go through an uninspected plant and thereby you would get a cheaper end cost product.

Senator JORDAN. That could affect it, sure.

Dr. SOMERS. Also the maintaining of sanitation is not as costly in uninspected plants as it is in inspected plants, and this adds to the cost of producing wholesome products.

Senator JORDAN. Thank you for clearing up that point.

Proceed, sir.

Mr. LEONARD. The proposed legislation also would improve the ability of the USDA to prevent the movement in commerce of unwholesome or otherwise adulterated or misbranded poultry. These amendments to the act would require surveillance over specified types of collateral operations where adulteration or misbranding of our poultry supply could occur.

Senator JORDAN. How can that be? How can you misbrand poultry? I want to keep up the information.

Mr. LEONARD. I will ask Dr. Somers. He has more information.

Dr. SOMERS. This is a case of taking poultry that would be unfit or unsuitable for food and labeling it to show that it is suitable for food or disposing of it in a manner that would result in its use for food. Parts of poultry, like a breast of poultry could include a part of the back or the rib cage and other less usable parts and be mislabeled or misbranded.

Senator JORDAN. Thank you.

Mr. LEONARD. These operations include such activities as cold storage warehouses, jobbers, wholesalers, and others. Included under the

surveillance programs would be dealers in poultry capable of, but not intended for use as human food. These amendments would:

First, require persons engaged in the business of processing poultry products for human or animal food, renderers, handlers of dead, dying, diseased, or disabled poultry, and others engaged in the business of buying, selling, transporting, storing, freezing or packaging poultry in or for commerce, or importing poultry products to maintain records, and then to allow the Department access to those records.

Senator JORDAN. Let me ask you a question at this point. Would chicken used in animal food (cat, dog food) have to be the same type, or just as edible as it would have to be for human consumption?

Mr. LEONARD. There is nothing that requires an inspection. We have a voluntary inspection program for pet food.

Dr. SOMERS. The poultry products used in preparation of animal foods, are not required to be inspected. The Food and Drug Law does provide standards for these products but there is no actual inspection of the products.

Senator JORDAN. In other words, in a federally inspected plant if a chicken did not pass inspection for human consumption, could it then be used for animal food?

Dr. SOMERS. It might be used for that. We denature it, or destroy it for human food use, but it might then be used for animal feeding.

Senator JORDAN. Thank you.

Mr. LEONARD. Second, it would require persons engaged in business—in or for commerce—as poultry products brokers, renderers, animal food manufacturers, wholesalers, and public warehousemen, as well as persons engaged in buying, selling or transporting in commerce, or importing dead, dying, disabled or diseased poultry or parts of the carcasses thereof, to be registered with the Secretary when required by his regulations.

Third, it would authorize regulation of the distribution in commerce or the importation of dead, dying, disabled or diseased poultry and parts of their carcasses.

Fourth, it would provide authority over the classes of operators described above who do not engage in business in or commerce, when it is determined after consultation with an appropriate advisory committee that the State does not, or is not exercising at least equal authority with respect to records, registration and distribution of dead, dying, disabled and diseased poultry and parts of their carcasses.

These amendments would also:

Authorize regulation of storage and handling of poultry products by persons engaged in the business of freezing, storing or distributing of poultry products in or for commerce, or importing poultry products.

They would clarify the application of the inspection provisions to poultry and poultry products capable of use as human food and require denaturing or adequate identification of poultry carcasses or parts or products thereof for distribution in "commerce" for purposes other than use as human food.

They would provide authority for U.S. Department of Agriculture to seize or detain poultry or poultry products distributed in commerce in violation of the act when such products are in transit or in storage outside of federally inspected establishments.

There has been a need for some time for more adequate tools of enforcement to checkmate the occasional unscrupulous operator who seeks to pollute the Nation's supply with unwholesome or otherwise adulterated products. There is a potential—in the absence of more positive preventive measures—for dealers of unwholesome and adulterated poultry, renderers, animal food handlers, and others to divert unfit poultry into human food channels. The result could pose a public health hazard and destroy the confidence of consumers in the safety of our poultry supply.

We do not now have the authority to seize or detain poultry we know is unfit for human consumption when it is outside of a federally inspected plant. USDA inspectors have no authority to intercept parcels of unwholesome or even suspected products in transit or in storage. Their only resource is to prevail upon State, local, or other Federal agencies to impound or seize goods outside of federally inspected plants. Surveillance over the collateral type operations such as cold storage warehouses, wholesalers, jobbers, et cetera, is necessary to detect adulteration caused by mishandling, exposure to heat, inadequate freezing, adulteration by water or other substances, damage in transit, or other causes.

The additional authority to inspect poultry and poultry products outside of federally inspected plants and the authority to seize or detain such articles which are found to be adulterated would reduce the possibility of consumers receiving unfit poultry products to a minimum.

The proposal also would extend the authority of the Secretary to insure the proper labeling of poultry and poultry products and prevent the misbranding of such products.

These amendments, which are the same as those in the Wholesome Meat Act, would clarify authority:

To promulgate standards of identity or composition of poultry products and standards of fill of containers.

To prevent the use of false or misleading labeling on containers.

It would also provide that States could not impose additional or different marking, labeling, packaging, or ingredient requirements for federally inspected products.

The bill also authorizes denial of Federal inspection to persons under certain conditions, but these conditions are always guarded within procedures designed to guard the individual from arbitrary actions.

This section would apply to persons convicted in any Federal or State court within the previous 10 years of (1) any felony or more than one misdemeanor under any law based upon the handling or distributing of adulterated, mislabeled, or deceptively packaged food or fraud in connections with transactions in food, or (2) any felony, involving fraud, bribery, extortion or any other acts or circumstances indicating lack of integrity needed for the conduct of operations affecting the public health. The Secretary would have the authority to deny inspection to such persons. However, provisions would be included for administrative hearings and judicial review to protect the rights of the affected person.

The bill also would make other changes of a housekeeping nature, and would strengthen coordination between the USDA's Consumer

and Marketing Service and the Food and Drug Administration of the U.S. Department of Health, Education, and Welfare in making full, cooperative use of their respective powers to protect the consumer.

The bill also would provide for punishment of anyone who assaults an inspector while engaged in or on account of the performance of official duties.

This is necessary to carry out an efficient inspection program. We believe inspectors must not have their safety placed in jeopardy.

The bill as it stands provides consumers with much the same assurance of safety and wholesomeness of poultry as the Wholesome Meat Act provides for meat. The Department, however, feels strongly that it can achieve this full assurance only by changes in two areas. Subsection 9(a) of the bill now exposes consumers to unfit products by its failure to prohibit the processing and distributing of such products if this act is done without knowledge. More specifically, processing without inspection, or the sale and transportation of adulterated or misbranded products is prohibited only if it is done knowingly.

In effect, the provision assumed that unfit poultry processed and distributed without the knowledge that it is unfit will somehow be less dangerous to the health of the consumer. This giant rent in the fabric of consumer protection is not good, and it was not proposed by the Department, nor has the Congress allowed it in other laws protecting public health and safety.

Senator JORDAN. Is that the section Miss Furness referred to?

Mr. LEONARD. Yes, sir.

Senator JORDAN. 9(a).

Mr. LEONARD. 9(a).

The Federal Meat Inspection Act (as amended in the 90th Congress by the Wholesome Meat Act) does not qualify the similar prohibitions which it contains with the word "knowingly," nor is this word contained in similar prohibitions of the Federal Food, Drug, and Cosmetic Act.

The plants that would be subject to the Wholesome Poultry Act also are subject to one or both of the statutes and I think from an administrative standpoint this could result only in confusion in the enforcement of the Wholesome Poultry Act.

It is all but impossible to establish by sufficient evidence that a person "knew" the food he distributed was in violation of an act. Those responsible for the Nation's food supply hold a public trust; they should have a positive duty to know if poultry products they process or distribute are adulterated or misbranded. This is why we strongly urge the term "knowingly" be deleted from subsection 9(a) of the bill.

We also urge the exemption provision of subsection 15(c)(1) of the bill be amended. This subsection exempts poultry producers who process poultry raised on their own farms and slaughterers, processors, and distributors of poultry from all provisions of the act if the wholesale dressed value of the poultry involved does not exceed \$15,000 per year. Since none of the provisions of the act would apply to such operators, it would be next to impossible to enforce the conditions of the exemptions—for example, the condition that they do not sell poultry products unfit for human food.

We strongly recommend that instead of these exemptions the Secretary of Agriculture be authorized to exempt from specific provisions of the act certain small operations in which continuous inspection would be too costly or impractical. This would provide a framework within which necessary provisions would be applicable, particularly those pertaining to sanitation requirements, recordkeeping, and identification of the producer or processor of the product. The Secretary of Agriculture should be permitted to determine the size of the operations which are to be exempted, and he should be empowered to revoke such exemptions should he find that exempted operations are channeling unwholesome, adulterated, or misbranded poultry products into the Nation's food supply.

While there are now 12 States with mandatory inspection laws, only four States have active inspection programs. Most poultry prepared solely for intrastate commerce receives little or no inspection. Yet, there is always the possibility that this product is intermingled without identification in retail stores with federally inspected products for sale to the public. Even in States with active inspection programs, the type of coverage is not the same as that provided under Federal inspection.

For example, in California, the inspectors are plant employees licensed by State officials to inspect poultry. In some instances plant managers themselves are licensed. In some cases plants receive veterinary supervision only once a week or even less frequently. In North Carolina the inspectors are State employees under veterinary supervision. The North Carolina law covers intercounty shipments. Non-Federal plants in the State must have North Carolina inspection only if they prepare products for shipment across county lines.

Five States provide for poultry inspection on a voluntary basis, but information available to us indicates that very little use is made of this service. Most of the remaining 33 States have general food laws covering all food processing and food preparation establishments. These laws provide for the sanitary inspection of facilities, equipment, and processes, and prohibit the adulteration and misbranding of products. With respect to poultry, they do not provide for continuous inspection and post mortem examination of each poultry carcass—the basic foundation for poultry inspection protection.

The effectiveness of State programs depends upon the resources available to carry out these programs. Recently, a number of States have taken action to initiate inspection programs or improve existing programs. In the past several years about a half dozen States have passed new poultry legislation; two additional States will have mandatory inspection legislation within the next 12 months and about eight additional States are considering legislation.

These efforts of the States to insure the wholesomeness of poultry products must receive the cooperation and assistance of the Federal Government if this Nation is to achieve adequate overall protection of the consumer—to the immediate benefit of the consumer and greater prosperity for the industry. Without a coordinated network of Federal and State inspection programs, the health of the consumer cannot be protected adequately, nor will continued confidence in our poultry supply be assured or merited.

I would like to take a moment to acquaint you with a recent study of inspected and noninspected poultry, and with a survey of nonfederally inspected plants conducted jointly with the States.

In January 1968, USDA inspectors and State officials made joint survey of 97 nonfederally inspected poultry plants located in 12 States. A copy of the report on each plant was furnished to all State officials. Prior to making the survey we held a meeting with State officials and procedures for conducting the survey were discussed and agreed upon. The survey showed that sanitation conditions in 37 of the plants were basically in compliance with sanitation requirements of Federal inspection. Thirty-four of the plants, however, about a third, would need major improvement to bring them into compliance with Federal sanitary requirements; the other 26, a little less than a third, could be brought into compliance with moderate changes in plant operations and facilities.

At about the same time that this survey was conducted, our inspection personnel also visited retail outlets in various places, 34 stores in 16 States, to make carcass examination of inspected and noninspected poultry. Four hundred and seventy samples were examined consisting of 447 whole poultry carcasses and 23 tray-packed carcasses displayed in cut-up form.

The primary inspection responsibility is to remove from food channels all carcasses or parts of a carcass which are unwholesome. The errors noted on the federally inspected product concerned ready-to-cook factors rather than errors which would render the carcass unwholesome. For example, feathers on a hock or a heart missing from the giblet pack would be recorded as an error in ready-to-cook factors.

Senator JORDAN. Did you say the heart was missing?

Mr. LEONARD. The heart was missing. It is one of the organs normally put in a package. The giblets are ordinarily put in the —

Senator JORDAN. The gizzard and the liver and the heart are supposed to do it.

Mr. LEONARD. Yes.

Senator JORDAN. What harm is there, except that the fellow got cheated out of a heart?

Mr. LEONARD. That is all. It is just a ready-to-cook error. In some cases they leave the heart out; in some cases they put two hearts in a package. This is something our inspectors should be aware of. It does not affect the wholesomeness of the bird.

There were no lesions of disease observed. On the other hand, 316 samples of noninspected carcasses were examined in 37 outlets in the same 16 States where inspected poultry was checked. The samples consisted of 286 whole poultry carcasses and 20 tray-packed carcasses in cut-up form. Only 18 percent of the noninspected carcasses appeared satisfactory following gross examination. Conditions found in the nonfederally inspected product were gross lesions of disease, septicemia or toxemia—a condition symptomatic of disease, failure to remove infectious processes, and contamination of the body cavity with stomach contents or fecal matter. Laboratory analysis conducted on both federally inspected and nonfederally inspected products revealed a higher level of bacterial contamination on nonfederally inspected products than on those that were federally inspected products.

In summary, the original Poultry Products Inspection Act requires amendments to effectively regulate the modern poultry industry as we know it today and as we envision it in the future. The role of the States is not sufficiently recognized in the existing legislation to encourage their effective contribution to a viable network of coordinated programs. Strengthening of the national poultry inspection program is urgently needed.

We feel the consumer must be able to buy her poultry products with confidence in their wholesomeness. More important, they must in fact be wholesome, unadulterated, and honestly packaged and labeled. The prosperity of the poultry processing industry and our Nation's poultry producers is greatly dependent upon this confidence being maintained and supported by effective regulation and inspection of the production of poultry products as provided in the bill to prevent adulteration and misbranding.

Our responsibility, therefore, is to insure that both Federal and State governments have the tools and resources essential to their responsibilities to protect the consumer in the manner she expects and demands. The proposals before this committee will accomplish this purpose.

The USDA proposes to conduct inspections of poultry products under a system which merges Federal meat and poultry inspection into a single food inspection component. Secretary Freeman announced the proposal, the plan, on the 21st of this month. This move reflects our desire to find every way possible to meet the rising costs of providing inspection services and I personally do not intend to leave any stone unturned in the search for maximum protection to the public as consumers at the minimum cost to the public as taxpayers.

The consolidation of these two important consumer protection programs into a single food inspection service will result in improved levels of consumer protection and in initial savings of about \$1 million annually.

I believe that the savings can amount to between \$2 million and \$3 million once the merger is complete.

Senator JORDAN. You mean in inspection costs.

Mr. LEONARD. In inspection costs.

Senator JORDAN. You are not proposing that the processor or the State pay any of the inspection costs.

Mr. LEONARD. No, sir.

Senator JORDAN. You know, at one time you got that bee in your bonnet, and we had to take it out for you.

Mr. LEONARD. Yes, sir. We look to the Congress to protect us from quite a number of things.

Senator JORDAN. The position I took at that time—and I still take it—is that if an operator pays his own inspector he does not work for the Federal Government any more. He works for the man who hires him and pays him. He is going to inspect for him. I think he should be a Federal employee, paid by the Federal Government, and then you can get the kind of inspection you want.

Mr. LEONARD. That is right. We agree fully with that.

Now, just some details on this merger. We now have 12 field units. There are seven district offices on meat and five area offices on poultry. We are going to be combining those into eight regional offices with each

of them responsible for meat and poultry inspection. Each office will be staffed—the key positions will be staffed with meat and poultry inspection personnel who have demonstrated unusual competency in handling inspection problems. It is important to understand, however, that the working relationships at the plant level will remain essentially the same as they were before the merger.

I am confident that with a single food inspection service we will have a more effective means of serving both the consumer and the industries involved and that the new organization will be responsive to the needs of the consumer and the meat and poultry industry.

This completes my statement, sir. My colleagues and I will be happy to respond to any questions you have.

Senator JORDAN. I do not believe I have any further questions. Do either of you have anything to add to this testimony?

Mr. BUCY. We will be glad to work with the committee staff on any amendments.

Senator JORDAN. With regard to 9(a) and 15(c) (1) which Miss Furness also brought out, we will certainly consider those recommendations from the Department on that.

We appreciate your testimony. We will be glad to use it when we get to it.

Mr. LEONARD. Thank you, sir.

Senator JORDAN. Mr. Newsom. Glad to see you again.

Mr. NEWSOM. Thank you. I would like to ask Al Denslow to come with me.

Senator JORDAN. Have a seat. State your name and whom you represent and any other facts we need to have.

STATEMENT OF HERSCHEL D. NEWSOM, MASTER, AND L. ALTON DENSLOW, LEGISLATIVE AND LEGAL COUNSEL, NATIONAL GRANGE

Mr. NEWSOM. I am Herschel Newsom, master of the National Grange, Mr. Chairman, and with me is L. Alton Denslow, legislative and legal counsel for the Grange, and I ask for Mr. Denslow to come along because he has worked more specifically in this subject matter area for a much longer period of time than I have.

Senator JORDAN. We are glad to have both of you. You may proceed any way you like.

Mr. NEWSOM. Mr. Chairman, the National Grange is especially pleased to have the privilege of appearing before this committee in support of the objective of the bills now under consideration to make the standards of the Poultry Products Inspection Act available and applicable to the approximately 13 percent of product not now covered. This particular pleasure in being here today arises both from our pride in the vigorous support for this legislation, which we expressed to this committee in 1956 prior to the enactment of the existing legislation the following year, and from the satisfaction we take from the great benefits which have resulted during the intervening years from the provisions of the Poultry Products Inspection Act. It has provided the framework upon which has been constructed an inspection system that is without parallel anywhere else in the world—a system which insures the wholesomeness of all product within its ambit.

In our testimony in 1956, we foresaw the possibility that the provision authorizing the Secretary of Agriculture to extend inspection to major consuming areas, which became section 5 of the act, might not be adequate to meet the needs which experience might show existed to make Federal inspection available for poultry and poultry products not otherwise subject to or eligible for such inspection.

We, therefore, suggested at that time the addition of a subsection (b) to what is now section 5, which would have provided that upon the request of a State government, the Secretary might make the provisions of the act available to any establishment processing poultry or poultry products, even though engaged solely in intrastate commerce, provided the establishment was operated in accordance with the provisions of the act and the regulations thereunder.

We are still of the opinion that such an amendment is desirable, though we believe that in the light of experience, it should be broadened so as to authorize action by the Secretary also upon the request of any establishment desiring Federal inspection. Such an amendment would permit an establishment not otherwise eligible for Federal inspection to request its benefits, thereby providing an opportunity to extend Federal inspection, which does not presently exist.

There is an additional approach to extending the existing system of Federal inspection, which we believe merits exploration and consideration by this committee. The present act might be amended to authorize the Secretary—after the lapse of a reasonable period of time to allow the States to request the extension of Federal inspection to all establishments within their boundaries—to conduct hearings to determine whether uninspected product marketed in any State is affecting or burdening interstate commerce.

Upon an affirmative finding, based on the evidence received, the Secretary would be authorized to designate all establishments in that State as being subject to Federal inspection. Such an approach would avoid the necessity of a determination by the Congress by fiat that all poultry products marketed affect interstate commerce, and at the same time would provide authority for such a determination to be made by the Secretary upon the basis of evidence received in an administrative proceeding. Such a provision would also facilitate cooperation between the Secretary and State agencies in carrying out inspection operations, as is presently authorized by section 18(b) of the act, and would permit the extension of Federal inspection without the necessity of a provision which would, in effect, force such extension upon the States upon their failure to take specified action.

The Grange urges that there be no change in the provision of section 15(a) (1) of the existing law, which some of the bills under consideration would repeal. This section was designed to preserve to farmers the opportunity to sell their own products in limited markets by exempting them from the specified provision of the act applicable to large poultry processing establishments, provided they comply with such sanitary standards, practices and procedures as the Secretary may by regulation prescribe.

This is a salutary provision in that it encourages small farmers to establish relatively small enterprises, the very success of which depends upon the creation and production of a product in sufficient quantity to permit a profitable operation, which product will be in

demand because of its uniqueness or other reputation for excellent quality and which could not otherwise survive in the highly competitive poultry market. We can perceive no logical basis for restricting this exemption, as has been proposed, to farmers relative to the dressed value of the product or relative to whether the product moves in commerce.

We also favor the retention of the provision of section 17 of the present law relating to imports. The proposal in two of the bills to amend this section was not adopted by the House in H.R. 16363, and we believe that its rejection was wise. Imports of poultry products are relatively small and the provisions of section 17 are, in our judgment, adequate to assure that such imports will be healthful, wholesome and fit for human food. In brief, Mr. Chairman, in this evolution of a more rational trade policy internationally, we believe there is adequate protection under this section. At this juncture when the United States is seeking—against vigorous resistance—the removal of many of the nontariff barriers against our poultry products, many of which barriers have been erected under the guise of public health measures, particularly in the countries of the European Economic Community, in which we have built up a substantial dollar market, we are deeply fearful that any unnecessary amendment of our import restrictions may be seized upon by other countries as an excuse to retain, and perhaps even to increase, their barriers to the entry of U.S. poultry to their markets.

The Grange has no objection to the new proposed provision, which would authorize the Secretary to require registration by persons engaged in businesses such as public warehousing, involving the handling of poultry products, and it supports the new proposed provision designed to prevent any poultry which has died otherwise than by slaughter or poultry products which are unwholesome from being used as human food. We have some reservations, Mr. Chairman, as to the need for including the proposed broad provision for seizure and condemnation, since it appears merely to duplicate in the Secretary of Agriculture authority which already exists in the Food and Drug Administration, with attendant increased costs to the Government. ✓

In conclusion, I want to express my appreciation for the privilege of stating our case.

Senator JORDAN. Mr. Newsom, thank you very much for your testimony.

How much poultry is imported into the United States annually? Do you have any idea?

Mr. NEWSOM. I have some idea. Mr. Denslow?

Mr. DENSLOW. I do not have figures. I know it is a relatively small amount, and I think the point Mr. Newsom is trying to make is that such a relatively small amount comes in at this time that at the very time when we are trying particularly in the case of our poultry products to remove these trade barriers in the European Economic Community countries, those countries will be very avid to seize upon any action in order to retain these nontariff restrictions and the most usual method in which they attempt to retain them is to say, "Well, they are public health measures," and they could equate their retention to a change, any change in our import—our statutory provision respecting imports of poultry products.

Senator JORDAN. How are we going to know under what conditions imported poultry was inspected in foreign countries? Some of it comes in cans, is that not true?

Mr. NEWSOM. Yes. I suppose so, except that section 17 I think provides this means of making determination for ourselves.

Senator JORDAN. After it arrives here.

Mr. NEWSOM. Yes.

Senator JORDAN. It is hard to inspect it in a can, though. Well, that is all right.

Mr. NEWSOM. I think it can be done even in the can by a reasonable sampling process, Mr. Chairman.

Senator JORDAN. All right. Well, thank you very much. It is a question which is becoming more acute in the United States of a great many imports. Our trade balance dropped even further back in the last month and it seems we are becoming the world's dumping ground for most anything anybody else raises at cheaper labor costs and cheaper everything else compared to ours, and we are going to have to be a little bit sterner on what and how much we bring in.

Mr. NEWSOM. I would like to suggest, Mr. Chairman, that we have traditionally been in that category. I would say rather than becoming the world's dumping ground, we have been and I think we are beginning to make some constructive moves now to rationalize the position of agriculture in the world trade and make it a part of our various national patterns.

You know a great deal more about American history, I am sure, than I do, but the one thing that I do know about our history with reference to world trading patterns is that traditionally we have had a national policy, and it was wise up to a certain time, I think, to relate agricultural trade products pricing levels to a fairly free world international competitive pattern, whereas from the very first Continental Congress we have had protective devices for American industry and since 1933, and a few attempts before that, we have had protective policies for nonagricultural labor. And I think we are making some substantial progress now in bringing agriculture of our own country and a good many of the other countries of the world into a protective pattern.

Now, this is a painful process and the Common Market policies literally played the devil with us, but we have to understand that that is an evolutionary program, too. I do not want us to give them any more tools to beat us over the head with, and I am afraid some of the proposals in some of the bills before your committee, sir, might do that unwittingly.

Senator JORDAN. They got most of our chickens off the shelf in some of the Common Market countries, too, did they not?

Mr. NEWSOM. They surely did.

Senator JORDAN. Thank you very much. But it is a big question.

Mr. NEWSOM. It is a big question.

Senator JORDAN. Thank you very much.

Mr. Newsom, I have some information here from the Department of Agriculture that says in the fiscal year 1967—387,576 pounds of poultry products were accepted for entrance into the United States and 1,074 pounds were rejected. So that answers part of the question that I asked you, or maybe all of it.

Mr. NEWSOM. I rather think that confirms what we are both trying to say, Mr. Chairman.

Senator JORDAN. I will put this in the record in its entirety at this point so we will have it.

(The information referred to follows:)

IMPORTATION OF POULTRY PRODUCTS

Imported poultry products have been inspected since 1959. These products are inspected as they arrived at U.S. ports of entry to make sure they are still wholesome and have not spoiled or have been contaminated on their way to the United States. Such poultry products are held in custody of the U.S. Customs Service until customs officers are notified by poultry inspectors that the product is eligible for entry into commerce. If the product does not pass inspection, it is refused entry and is destroyed under the supervision of an inspector or re-exported under the supervision of a U.S. Customs officer. Poultry products are carefully examined for soundness, cleanliness and wholesomeness. In addition, canned products are checked for accurate weight and for accurate and informative labeling. Laboratory samples may be submitted to determine compliance with standards for composition, additives, etc.

In fiscal year 1967, 387,576 pounds of poultry products were accepted for entrance into the United States and 1,074 pounds were rejected.

Poultry products, to be eligible for importation into this country must come from a country having an inspection system comparable to ours. Only two countries meet this requirement at this time—Canada and France. Approval has been granted in a few cases for the importation of poultry products from an individual plant which meets our requirements, although the inspection system of the country where the plant is located is not approved (Hong Kong, Switzerland, The Netherlands, South Korea). Since 1966 USDA has had an intensive foreign poultry inspection review program.

This program is the first line of defense to make sure only wholesome meats are shipped to the United States. Under it, veterinary review officers from USDA's Consumer and Marketing Service visit the foreign countries that are approved and individual plants under the circumstances mentioned above to make sure they comply with our requirements. The same standards of sanitation and wholesomeness that are used in Federal Inspection in the United States apply to the systems and plants examined.

The review officers examine construction of the buildings, nature and condition of its equipment and operating procedures used by the plant. From all this they make a full and final determination as to whether or not the product is handled in a sanitary manner that will result in wholesome food.

Senator JORDAN. Mr. Mayer, we are glad to have you, sir.

Mr. Mayer is legislative representative, Amalgamated Meat Cutters and Butcher Workmen of North America. Glad to have you with us again. You have been before this committee before.

Mr. MAYER. Yes, I have.

Senator JORDAN. Glad to have you.

STATEMENT OF ARNOLD MAYER, LEGISLATIVE REPRESENTATIVE, AMALGAMATED MEAT CUTTERS AND BUTCHER WORKMEN OF NORTH AMERICA (AFL-CIO)

Mr. MAYER. Mr. Chairman, I want to thank you very much for hearing me early because I have to catch a plane, and I will summarize parts of the statement and will read only some parts and—

Senator JORDAN. It will all be included in the record, sir.

Mr. MAYER. Thank you very much.

My name is Arnold Mayer. I am the legislative representative of the Amalgamated Meat Cutters and Butcher Workmen of North America (AFL-CIO).

The AMCBW is a labor union with 400,000 members organized in about 425 local unions throughout the United States and Canada. The AMCBW and its local unions have contracts with thousands of employers in the meat, retail, poultry, egg, fish, canning, leather, and fur industries.

Some 30,000 of our members are employed in the poultry and egg industry. We are therefore directly affected and concerned with poultry inspection legislation.

The next section, Mr. Chairman, talks about our connection with inspection legislation. We initiated the effort which led to the mandatory poultry—the first mandatory poultry inspection law which was enacted in 1957. We have worked with the Department on that law and on appropriations ever since. The following section discusses the needs for the new legislation. The fact that 13 percent of the poultry currently is not inspected. This is more than 1 billion pounds a year. Only four States have active programs, and, as has been said earlier, these four programs have problems.

There are consumer health problems from unfit poultry and they are described in this testimony. There are diseases that are transmissible from poultry to man.

Of great concern to us also are the health problems that are caused to poultry workers, 30,000 of whom are members. And that is described further in the testimony.

I will now go to page 6 where we discuss this specific legislation before this committee.

We would prefer the approach of extending inspection to intrastate plants which are contained in S. 2846, a bill by Senator Williams of Delaware, and S. 3383, a bill by Senator Mondale. We believe that these bills would give more effective authority to the Federal Government to assure consumer protection and uniformity of inspection. The measure by Senator Mondale especially establishes a happy compromise, in our opinion, of providing State authority and, at the same time, assuring strong consumer safeguards and uniformity.

But we face certain facts of congressional reality: First, adjournment is a scant month away. Second, the House of Representatives has already demonstrated that it wants a bill in the basic form of H.R. 16363. Therefore, to attempt to seek a different type of bill could cause delays which might postpone enactment until next year.

We believe that the increased consumer and worker protection provided by new poultry inspection legislation should go into effect as quickly as possible. We hope that this committee and the Senate will act in the next few weeks, so that legislation can be passed by Congress before adjournment.

To avoid any possible delay or stalemate, we shall support the type of approach used to bring inspection to intrastate plants in S. 2932, the bill by Senator Ellender, and H.R. 16363, the House bill. However, we do want to urge several improving amendments to the bills.

S. 2932 and H.R. 16363 are very similar. The former bill is the legislation submitted to Congress by the Agriculture Department and introduced by the chairman of this committee. The latter measure is S. 2932 plus the changes made in it by the House Agriculture Committee.

The bills are based on the Wholesome Meat Act of 1967. They would strengthen and modernize the present Federal poultry inspection program and they would provide a cooperative arrangement for State inspection of intrastate plants on a basis at least equal to the Federal program. States would be paid by the Federal Government 50 percent of the cost of developing and operating an "at least equal" inspection program. States would have 2 years—and in some cases 3 years—to enforce this program. If they failed to do so within the time period, the Federal Government would inspect the intrastate plants.

We strongly urge the following amendments:

1. If S. 2932 is to be the vehicle for the committee's action, new section 5(c)(5) should be deleted. The House of Representatives has already taken this action, so this change will not be necessary in H.R. 16363.

New section 5(c)(5) of S. 2932 would permit State-inspected plants to ship into interstate commerce. The provision is rather ironic, for while the State authorities were so loud in complaining about alleged Federal poaching on their preserve, this provision would permit them to poach on the Federal one.

But there is more involved here than simply bureaucratic empire building. The rationale for section 5(c)(5) is that the bill provides that State programs be at least equal to the Federal program. It therefore is said to make no difference whether State or Federal inspection occurs.

Unfortunately, that will not be true in actual practice.

The at least equal formula probably goes as far as Congress can in the search for equal consumer protection. But the requirement does not necessarily provide equal enforcement in practice. There will be variations in regulations and in enforcement from State to State and between various State programs and the Federal program. The tremendous pressures which are especially exerted on a State level will not always be withstood. The variations will cause some unfair competition, and it will be increased if State plants are allowed to ship into interstate commerce.

Any and all plants which ship into interstate commerce or to federally inspected plants can and should be federally inspected. If the line between Federal and State programs, between interstate and intrastate plants, is to be erased, then we suggest that the intrastate plants be brought under Federal inspection rather than interstate plants being brought under State programs which have yet to prove themselves.

The fact is that there is unlikely to be many State poultry inspection programs. There are too few States which have a sufficient number of intrastate poultry plants to make it worthwhile to establish an inspection program. We regard section 5(c)(5) to be aimed not so much at poultry inspection, but rather to provide a wedge for reopening the meat inspection law.

As I said previously, the House took that provision out of the bill in the measure which the House approved.

2. Because the mass of the poultry industry is concentrated in comparatively few areas of the Nation and because few States will probably go to the expense of establishing a program, we suggest that either S. 2932 or H.R. 16363, whichever the committee will use as its poultry

inspection bill, should contain a State waiver provision. This section would allow the Governor or the elected State secretary of agriculture to indicate to the Federal Government that the State will not provide inspection and ask the Federal program to inspect its intrastate plants.

As a result, consumers could be protected before the 2-year period runs out. There is no reason why preparation for inspection and the inspection itself should wait 2 years if the State does not intend to establish a poultry program.

3. H.R. 16363 contains two provisions which we believe are dangerous and should be deleted. These provisions are not contained in S. 2932.

Section 9(a), the prohibited acts section, contains the word "knowingly." With this word, the Government would find it much more difficult to prosecute violations than it would under either S. 2932, the Wholesome Meat Act, or the Federal Food, Drug and Cosmetic Act. Alone among the food inspection legislation, the Wholesome Poultry Products Act would, with this provision, require the Government to prove intent to violate.

We know of no case where the Government has prosecuted persons who unwittingly violated the decade-old Poultry Products Inspection Act or infringed it in a minor way. Nor was there any testimony during the 4 days of House hearings on any such case.

The Department has administrative procedures concerning these situations and, as far as we know or as far as testimony shows, these procedures have worked well. We therefore see no reasons to put an extra burden on the Government in acting against violations which are repeated and of major importance.

Another problem is posed by section 14(c) of H.R. 16363, and that is section 15(c) (1) in the new legislation. In other words, it is 14(c) of H.R. 16363, but in the new law it would be 15(c) (1).

It would establish a new exemption for plans which process less than \$15,000 worth of poultry a year. And it would excuse from some or all inspection requirements farmers who process poultry of their own raising even if they process more than \$15,000 worth a year. The Department of Agriculture estimates that the \$15,000 volume at wholesale prices would be as much as 30,000 chickens.

The fewer exemptions contained in this legislation, the better the consumer and worker are protected. Also, the fewer the exemptions, the less unfair competition based on the lack of inspection will exist in the industry.

Section 14(c) is too big a loophole. We urge that it be deleted, or at the very least, be limited to much smaller processing and farming operations.

4. There are two unfortunate variations from the Wholesome Meat Act in S. 2932. The House of Representatives had done away with these variations in H.R. 16363.

S. 2932 should have the same requirement as the Wholesome Meat Act for an annual review of State programs by the U.S. Secretary of Agriculture. And the results of this review should be contained in annual reports to Congress.

S. 2932 carries language for the review, but does not make it annual. And the bill makes no mention of the reports to Congress.

Also, section 5(a) (1) of S. 2932 deletes the word "mandatory" from the antemortem and postmortem inspection, reinspection and sanitation requirements which are demanded of the States. The absence of the word when the Wholesome Meat Act specifically uses it might convince a court in the future that Congress intended something less than mandatory in its requirements concerning the State poultry inspection laws.

In conclusion, we believe that new poultry inspection legislation is absolutely necessary. We thank the subcommittee for its consideration of this legislation and we hope that a new law will be on the statute books before this session ends. Such legislation would be a wonderful and proper followup to the meat inspection law enacted by Congress last year.

We urge that the primary objective of the poultry inspection law must be to provide the maximum protection for consumers against filth, disease and false labeling. This legislation should drive out of the marketplace any and all poultry which poses any possible danger to the health of consumer and poultry workers.

Our union promises to be of assistance in any way we can toward the achievement of that goal.

Thank you very much.

Senator JORDAN. Thank you very much. We appreciate your being with us and your fine testimony. Thank you, sir.

(Mr. Mayer's statement in full follows:)

My name is Arnold Mayer. I am the Legislative Representative of the Amalgamated Meat Cutters and Butcher Workmen of North America (AFL-CIO).

The AMCBW is a labor union with 400,000 members organized in about 425 local unions throughout the United States and Canada. The AMCBW and its local unions have contracts with thousands of employers in the meat, retail, poultry, egg, fish, canning, leather and fur industries.

Some 30,000 of our members are employed in the poultry and egg industry. We are therefore directly affected and concerned with poultry inspection legislation.

AMCBW HISTORY ON POULTRY INSPECTION LEGISLATION

In fact, it was our Union which initiated the campaign for federal compulsory poultry inspection which resulted in the enactment of the Poultry Products Inspection Act of 1957. In the late 1940s, the AMCBW began calling attention to the fact that poultry, unlike red meat, was not inspected for wholesomeness and cleanliness on a mandatory basis. Only a voluntary program, hired and paid for by processors, existed. We called for legislation similar to the then-existing meat inspection.

In the early and mid 1950s, the effort was accelerated when our Union published two booklets which pointed to conditions existing in some parts of the industry and urged the enactment of federal mandatory inspection legislation. In 1954, resolutions for a Congressional investigation of health conditions in parts of the poultry industry were introduced at our request, but the resolutions got nowhere.

In early 1956, legislation was introduced in the Senate to provide mandatory federal inspection. And the legislative battle was on.

Our Union led a coalition of consumer organizations, labor unions and civic groups in support of provisions which would offer the maximum amount of consumer protection. The work of the coalition not only helped to bring about mandatory poultry inspection, but it was a factor in strengthening specific parts of the bill.

When in 1957, compromise legislation was enacted, our Union began working on behalf of consumer-protective regulations and for adequate appropriations. We continue in these efforts because we believe that we have a responsibility—as a Union of food industry workers—to aid consumers. Also, we have a self-interest goal: Our members working in poultry plants are protected from illness if the

plant is clean and the product is wholesome. Federal inspectors can assure this protective cleanliness and absence of disease far better than can the Union grievance machinery.

NEW LEGISLATION NEEDED

We are proud of our work on behalf of this law, which has greatly benefited consumers, the industry and poultry workers. However, the Poultry Products Inspection Act needs revision if it is to fully do the job for which it was intended.

The poultry inspection law necessarily was based on the then-existing Meat Inspection Act. It therefore has many of the problems of the old meat law, including the limitation of coverage to plants selling across state lines.

The effort to get any sort of mandatory federal inspection of poultry was difficult enough. Inclusion of intra-state inspection—although perfectly Constitutional—was legislatively impossible and would have probably prevented enactment of any legislation at all. Attempting to increase the authority of the federal inspection program concerning other areas would have had the same unfortunate results.

The Poultry Products Inspection Act was a great step forward in consumer protection, but it was a legislative compromise. Now, ten years after it was enacted and nine years after it went into compulsory effect, Congress and the industry have had adequate experience with poultry inspection, so that the Consumer and worker protection can be increased.

CONSUMER HEALTH PROBLEMS

The Poultry Products Inspection Act covers some 87 percent of all poultry slaughtered, eviscerated and processed in the United States. That means about 1.6 billion pounds of poultry processed and sold to consumers each year are outside this protective framework.

Most of the poultry which is not federally checked is not inspected at all. Only four states—California, North Carolina, Illinois and Wyoming—have an active mandatory program in effect. But even these programs are not adequate. All have large categories of exemptions. California uses plant employees, including plant managers, as inspectors. And because of limitations on personnel, California, North Carolina and Illinois do not always meet the requirements of their laws that each carcass be inspected.

Uninspected poultry is a danger to the health of consumers and poultry workers. In the early 1950s, when mandatory inspection was a controversial issue, much veterinary literature was written on the diseases which can be transmitted from poultry to man. Here are just two examples:

Dr. W. L. Ingalls, a noted poultry pathologist, said in a paper presented to the 87th Annual Meeting of American Veterinary Medical Association (Aug. 21-24, 1950), "Twenty-six diseases reported as occurring in poultry and which also occur in human beings have been considered. Some of the diseases are of interest only from an academic standpoint; whereas others, such as salmonellosis, erysipelas, psittacosis, and possibly Newcastle disease (avian pneumoencephalitis), present a definite public health problem . . . it is quite apparent that a sufficient number of transmissible diseases can and do occur in poultry to make poultry meat inspection desirable and imperative."

These diseases from poultry pose greater dangers to man than those from other mammals, according to an article by Dr. C. A. Brandly of the Department of Veterinary Science and Agricultural Bacteriology, University of Wisconsin. In his Poultry Diseases as Public Health Problems, Public Health Reports, May 25, 1951, he concluded:

"Full scale efforts to discourage marketing of questionable or sick fowl by rigid ante mortem and post mortem inspection must precede and accompany well-planned and persistent programs to eradicate the avian reservoirs of infection."

HEALTH DANGERS TO WORKERS

The poultry worker is especially exposed to disease transmitted from poultry. Two of the more common diseases are Newcastle disease, an infection of the eyes, and psittacosis (parrot fever), an influenza-like illness. Before mandatory inspection, the former was fairly prevalent among poultry workers. And the latter occurred cyclically and sometimes had deadly results.

In early 1956, for example, psittacosis swept through three poultry plants, a rendering plant and two farms near Portland, Ore. and left death and serious illness in its wake. Two persons died after being in contact with psittacosis-bearing fowls. Of 62 other persons who were taken ill, 24 required hospitalization.

The disease hit two flocks of breeding turkeys totalling 10,000 birds. It first spread to humans on the turkey farms. From there the turkeys carried it to the rendering plant and the processing plants. Many of the workers taken ill were members of our Union.

Federal inspection has cut down the outbreaks. But we suspect that some still do occur in some uninspected plants. We do not have hard information since we have not kept a strict watch on reports of illness, as we used to, and most of our members work in inspected plants.

THE LEGISLATION

There are four bills before the Subcommittee. They are—

- (a) S. 2846 by Sen. John J. Williams and three co-sponsors.
- (b) S. 2932 by Sen. Allen J. Ellender and 13 co-sponsors.
- (c) S. 3383 by Sen. Walter F. Mondale, and
- (d) H.R. 16363, which was passed by the House of Representatives.

All of these measures are basically good bills which would provide effective consumer protection.

We would prefer the approach of extending inspection to intrastate plants which are contained in S. 2846 and S. 3383. We believe that these bills would give more effective authority to the federal government to assure consumer protection and uniformity of inspection. The measure by Sen. Mondale especially establishes a happy compromise, in our opinion, of providing state authority and, at the same time, assuring strong consumer safeguards and uniformity.

But we face certain facts of Congressional reality: First, adjournment is a scant month away. Second, the House of Representatives has already demonstrated that it wants a bill in the basic form of H.R. 16363. Therefore, to attempt to seek a different type of bill could cause delays which might postpone enactment until next year.

We believe that the increased consumer and worker protection provided by new poultry inspection legislation should go into effect as quickly as possible. We hope that this Committee and the Senate will act in the next few weeks, so that legislation can be passed by Congress before adjournment.

To avoid any possible delay or stalemate, we shall support the type of approach used to bring inspection to intra-state plants in S. 2932 and H. R. 16363. However, we do want to urge several improving amendments to the bills.

S. 2932 and H.R. 16363 are very similar. The former bill is the legislation submitted to Congress by the Agriculture Department and introduced by the Chairman of this Committee. The latter measure is S. 2932 plus the changes made in it by the House Agriculture Committee.

The bills are based on the Wholesome Meat Act of 1967. They would strengthen and modernize the present federal poultry inspection program and they would provide a cooperative arrangement for state inspection of intra-state plants on a basis at least equal to the federal program. States would be paid by the federal government 50 percent of the cost of developing and operating an "at least equal" inspection program. States would have two years—and in some cases three years—to enforce this program. If they failed to do so within the time period, the federal government would inspect the intra-state plants.

AMENDMENTS SOUGHT

We strongly urge the following amendments:

1. If S. 2932 is to be the vehicle for the Committee's action, new section 5(c) (5) should be deleted. The House of Representatives has already taken this action, so this change will not be necessary in H.R. 16363.

New Section 5(c) (5) of S. 2932 would permit state-inspected plants to ship into interstate commerce. The provision is rather ironic, for while the state authorities were so loud in complaining about alleged federal poaching on their preserve, this provision would permit them to poach on the federal one.

But there is more involved here than simply bureaucratic empire building. The rationale for Section 5(c) (5) is that the bill provides that state programs be "at

least equal" to the federal program. It therefore is said to make no difference whether state or federal inspection occurs.

Unfortunately, that will not be true in actual practice.

The "at least equal" formula probably goes as far as Congress can in the search for equal consumer protection. But the requirement will not necessarily provide equal enforcement in practice. There will be variations in regulations and in enforcement from state to state and between various state programs and the federal program. The tremendous pressures which are especially exerted on a state level will not always be withstood. The variations will cause some unfair competition, and it will be increased if state plants are allowed to ship into interstate commerce.

Any and all plants which ship into interstate commerce or to federally-inspected plants can and should get federal inspection. If the line between federal and state programs, between inter-state and intra-state plants, is to be erased, then we suggest that the intra-state plants be brought under federal inspection rather than inter-state plants being brought under state programs which have yet to prove themselves.

The fact is that there is unlikely to be many states poultry inspection programs. There are too few states which have a sufficient number of intra-state poultry plants to make it worthwhile to establish an inspection program. We regard Section 5(c) (5) to be aimed not so much at poultry inspection, but rather to provide a wedge for reopening the meat inspection law.

2. Because the mass of the poultry industry is concentrated in comparatively few areas of the nation and because few states will probably go to the expense of establishing a program, we suggest that either S. 2932 or H.R. 16363, whichever the Committee will use as its poultry inspection bill, should contain a state waiver provision. This section would allow the Governor or the elected state Secretary of Agriculture to indicate to the federal government that the state will not provide inspection and ask the federal program to inspect its intra-state plants.

As a result, consumers could be protected before the two year period runs out. There is no reason why preparation for inspection and the inspection, itself, should wait two years if the state does not intend to establish a poultry program.

"KNOWINGLY" AND EXEMPTIONS

3. H.R. 16363 contains two provisions which we believe are dangerous and should be deleted. These provisions are not contained in S. 2932.

Section 9(a), the prohibited acts section, contains the word "knowingly." With this word, the Government would find it much more difficult to prosecute violations than it would under either S. 2932, the Wholesome Meat Act or the Federal Food and Drug and Cosmetic Act. Alone among the food inspection legislation, the Wholesome Products Act would, with this provision, require the Government to prove *intent* to violate.

We know of no case where the Government has prosecuted persons who unwittingly violated the decade-old Poultry Products Inspection Act or infringed it in a minor way. Nor was there any testimony during the four days of House hearings on any such case.

The Department has administrative procedures concerning these situations and, as far as we know or as far as testimony shows, these procedures have worked well. We therefore see no reasons to put an extra burden on the Government in acting against violations which are repeated and of major importance.

Another problem is posed by Section 14(c) of H.R. 16363. It would establish a new exemption for plants which process less than \$15,000 worth of poultry a year. And it would excuse from some or all inspection requirements, farmers who process poultry of their own raising even if they process more than \$15,000 worth a year. The Department of Agriculture estimates that the \$15,000 volume at wholesale prices would be as much as 30,000 chickens.

The fewer exemptions contained in this legislation, the better the consumer and worker are protected. Also, the fewer the exemptions, the less unfair competition based on the lack of inspection will exist in the industry.

Section 14(c) is too big a loophole. We urge that it be deleted, or at the very least, be limited to much smaller processing and farming operations.

4. There are two unfortunate variations from the Wholesome Meat Act in S. 2932. The House of Representatives has done away with these variations in H.R. 16363.

S. 2932 should have the same requirement as the Wholesome Meat Act for an annual review of state programs by the U.S. Secretary of Agriculture. And the results of this review should be contained in annual reports to Congress.

S. 2932 carries language for the review, but does not make it annual. And the bill makes no mention of the reports to Congress.

Also 5(a)(1) of S. 2932 deletes the word "mandatory" from the antemortem and postmortem inspection, reinspection and sanitation requirements which are demanded of the states. The absence of the word when the Wholesome Meat Act specifically uses it might convince a court in the future that Congress intended something less than mandatory in its requirements concerning the state poultry inspection laws.

MAXIMUM CONSUMER PROTECTION

In conclusion, we believe that new poultry inspection legislation is absolutely necessary. We thank the Subcommittee for its consideration of this legislation and we hope that a new law will be on the statute books before this session ends. Such legislation would be a wonderful and proper follow-up to the meat inspection law enacted by Congress last year.

We urge that the primary objective of the poultry inspection law must be to provide the maximum protection for consumers against filth, disease and false labelling. This legislation should drive out of the marketplace any and all poultry which poses any possible danger to the health of consumers and poultry workers.

Our Union promises to be of assistance in any way we can toward the achievement of that goal.

Senator JORDAN. Dr. Sussman.

Glad to have you with us, sir.

STATEMENT OF DR. OSCAR SUSSMAN, SENIOR INSTRUCTOR IN MEAT INSTRUCTION, RUTGERS UNIVERSITY, NEW BRUNSWICK, N.J.

Dr. SUSSMAN. Thank you, Mr. Chairman.

Senator JORDAN. You may proceed as you wish, sir. Do you have a prepared statement?

Dr. SUSSMAN. I do. If it is permissible, I would like to make a few remarks with regard to some of the other testimony. Is that possible?

Senator JORDAN. Yes.

Dr. SUSSMAN. I would like to say at the outset that I agree with Mr. Mayer that it seems improper if the basic purpose of this legislation is to prevent disease that we consider any exemptions in this question of \$15,000 or \$10,000 or how many, and what Mr. Newsom said from the Grange indicates that he believes that we want to foster small businessmen, and I agree with that, but I think the question that really has to be raised is the basic premise: Is this legislation to protect people from getting sick? If that is true, then the statement that Mr. Mayer made with regard to the necessity for small plants to be inspected I think has to obtain. That is, there should not be any exemption.

Now, Mr. Chairman, I want to read, if I may, from a paper I had in Nation's Business, and where I said:

And I honestly believe that the meat and poultry industry of the United States should be commended for having produced a product excelled nowhere in the world.

I know it is not normal, but I would have to take exception to what Miss Furness said where she said:

As a result of incredibly inadequate inspection, there is not a place in the United States, no city or village or wayside stand, where you can order a chicken sandwich with the confidence you are not endangering your health.

I think this is pretty harsh talk, and it really raises a question in the minds of the public as to whether you can or cannot eat chicken and it is done with the other surrounding material that she said with the intention of giving you the impression that the 13 percent of the supposedly uninspected chickens are the ones that are causing the trouble, when in actual fact a recent case that was reported in morbidity and mortality reports from Pennsylvania shows that U.S. inspected frozen turkey breasts were involved in cases of salmonella.

Now, I do not want to cause the public to have a real harsh idea about meat or poultry, but I think when you make a statement like this, you are saying that unless you do something and pass this bill and this bill then will prevent this, and it will not.

Now, I beg your indulgence, but I could not sit still with something like that.

Senator JORDAN. I think that is a very good point that you have made. Because you can go into the most reasonable eating establishments and eat most anything they serve with confidence.

Dr. SUSSMAN. Mr. Chairman, I have been in Egypt and got U.S. inspected meat and was happy to have it, as you well know, and I could not eat in some of the restaurants there compared with the restaurants here even though we had a job to do. I just do not think we should scare the heck out of everyone.

Now, poultry inspection, Mr. Chairman, as prescribed by H.R. 16363 would provide Federal inspection for the ostensible purpose of preventing the spread of disease from poultry to humans. This legislation will fail of its purpose, but with an attendant increased burden on the U.S. taxpayer, because many of the diseases of poultry transmissible to man cannot be detected by casual observation of the human eye. Illustrative of this point are two of the most prevalent diseases of poultry which may be transmitted to humans, namely salmonellosis and psittacosis. This was previously alluded to by Miss Furness. These diseases can only be detected by laboratory procedures which cannot be successfully employed while the processing line is going at the rate of 1,200 birds per hour. My concern with this measure is that its enactment and administration thereunder will provide the public with a false sense of security which could result in more human disease rather than less as is intended by the proponents of the legislation. Salmonella and psittacosis organisms which cannot be eliminated by the inspection procedure presently utilized under Federal poultry inspection practices can be killed by proper cooking. Mishandling poultry and meat at home, however, based on an assumption of safety following U.S. Government guarantees placed on the products, will lead to cross-contamination unnecessarily.

By that I mean that a woman buying a piece of poultry or a piece of meat, as the case may be, and seeing a U.S. shield on there, assumes that it is completely safe and wholesome.

Now, if she takes that piece of meat and puts it on her drainboard and then she handles the meat and puts it in the pot, you never get sick from eating that meat or the poultry. But you do get sick because she has forgotten that her hands are contaminated and the drainboard is contaminated and then she handles lettuce and salad and other things and she contaminates them, and then she has brought into her house, with U.S.-inspected poultry or meat, salmo-

nella, and she gets sick with it, and I think that she ought to be told that U.S. inspection does not eliminate these type of diseases.

The Congress of the United States is to be commended for its untiring efforts to advance and protect the consumer. When, however, as in the present situation, the legislation in question would not only not protect the consumer but would in fact give him a false sense of security plus increasing his tax burden, it would appear Congress should radically revise or completely reject the measure.

I am here to oppose this bill on poultry meat inspection. On the surface, my opposition may appear to be startling, or at least incongruous. My whole life has been devoted to veterinary public health. The primary aim of those engaged in veterinary public health science is the prevention of the transmission of the zoonoses. Zoonoses are diseases which may be spread from animals to humans. I want to prevent the expansion of a dangerous, deceptive, misleading practice that has been imbedded in the minds of the consuming public, perhaps even your own, and with an accompanying unnecessary waste of millions of dollars.

I call to your attention that there is a real need to reevaluate what it is we are trying to do with all of the multiple food inspection consumer protection activities in the United States. This cannot be done by discussing one bill—but it can be done by a full-scale investigation of a blue ribbon panel of scientists—veterinarians, physicians, food technologists, engineers among others—be convened by the National Academy of Sciences-National Research Council with the charge to aid a congressional investigating committee in getting the true facts relative to food inspection activities and prevention of food poisoning and human health. To do so will, I believe, result in the saving of hundreds of millions of dollars annually and will provide better protection for the consumer.

As I said before, I would have to disagree with Miss Furness in her intimation that 13 percent of the uninspected poultry is really the cause of the appearance on the tables in the United States of most diseased fowl, and I mentioned to you previously about that Pennsylvania episode.

Mr. Chairman, mentioning the consumer leads me to a point where I must inform you that in the United States I believe a new disease is spreading. Its name is "Consumerism." The disease is extremely contagious and has been known to affect at least one President, many Congressmen, innumerable bureaucrats, and a few professionally employed "do-gooders." The virulence of the disease has been heightened by its passage through some TV hucksters. One of the symptoms is the use of the statement, "You can be sure." I am not being facetious, Mr. Chairman. I will read to you some of the things I mean.

The contagiousness is quite evident. In this connection, I quote from an official U.S. Government publication of the Consumer and Marketing Service called "Consumer Food News," dated May 31, 1968. The editor in a "Dear Aggie" column quotes a conversation with Aggie and a newlywed relative to chicken:

DEAR AGGIE: I have been married for 6 months and the one complaint my husband has is that I don't fix chicken. Since he is always bragging about his mother's chicken dishes, I'm almost afraid to try—especially since I don't even know how to buy poultry. Please help me keep my husband happy. Newlywed.

The editor answers, and this as a column presumably is sent to newspaper people to tell the newlywed not to buy chicken :

DEAR NEWLYWED : When you buy a chicken, look for the U.S. Grade A shield. You can be sure that a chicken bearing the grade shield is also wholesome because only birds which have been USDA inspected for wholesomeness may be graded.

In this same issue of Consumer Food News several paragraphs explaining the activities of Federal inspectors are as follows :

Under the Poultry Products Inspection Act of 1967, Federal inspection is required of all poultry that moves across State lines. This means that a Federal inspector must examine the poultry before slaughter and each bird individually after slaughter to detect, isolate and condemn diseased birds as unfit for human food. . . .

He must make sure also that the produce bears the truthful, informative, USDA-approved label.

The circular inspection mark with the words "Inspected for Wholesomeness by the U.S. Department of Agriculture", is the consumer's guaranty of safety.

Further in another USDA publication, "Agricultural Marketing," dated May 1968, Volume 13, No. 5, an article was printed where the case for the USDA guarantee of safety was put. I must read to you three short paragraphs to make my point :

The object of the Federal poultry products inspection program is to assure American consumers that federally inspected poultry is wholesome—safe, sanitary, unadulterated and truthfully labeled.

Carrying out this vital assurance program are men like Dr. Slade H. Exley, Jr., inspector in charge at a poultry processing plant in Atlanta, Ga. As part of the team of the U.S. Department of Agriculture's Consumer and Marketing Service, which administers the Federal inspection program, Dr. Exley and his staff of eight inspectors at the plant examine each of the 85,000 birds processed there each day.

Dr. Exley is one of those who make the circular inspection mark with the words "Inspected for Wholesomeness by the U.S. Department of Agriculture," a guarantee of safety.

Mr. Chairman, I worked on a poultry inspection line. I have worked in a hog slaughterhouse. I have been saying this for years. The birds go by, when you are working on a poultry line, one, two, one, two, one, two. This is the speed at which they go by (illustrating), and this is the basis on which a guarantee of safety is put.

I must state at this time that I oppose H.R. 16363 concerning poultry inspection. It is an example of the unbridled rampant spread of the disease I previously described—namely "Consumerism." Here we see that the "U.S. Guarantee of Safety" is placed on birds—under conditions when none could believe the results. If a "guarantee of safety" and "you can be sure" of wholesomeness tag is placed on a bird when the man looking at it has looked at more than 9,999 others in the same day—it is not a guarantee of safety" I maintain he could not pick up 10,000 pieces of paper with the words "Good" or "Bad" on them and put them in proper piles day after day and not be wrong innumerable times. This is not meant to be a reflection on the integrity or ability of the inspectors. It is just an impossible task to determine in two seconds whether a bird is sick or not and with what. It is a much more complicated task than piling papers with the words "Good" or "Bad" on them. Merely as an example Dr. Arthur Wilder in the New England Journal of Medicine showed recently that 50.8 percent of U.S.-inspected poultry were contaminated with salmonellae while only 48.7 percent of uninspected poultry were contaminated. At

this point I just pointed this out. This is not the general case. Normally federally inspected adequately sanitized plants would probably have less than plants that are not properly sanitized. But the point I make is that this guarantee of safety went on to birds where 50.8 percent of them were contaminated with salmonellae and that is nothing that you can tell people just as Betty Furness said, salmonella is a disease that makes people sick and may even in fact make them die, and you just cannot tell this is safe, and the Federal Government saying so seems ridiculous.

So I say the harm to the consumer in blind reliance on U.S.-inspected products is really beyond calculation and the validity of the U.S. guarantee of safety and wholesomeness is open to serious question.

Mr. Leonard has just stated this guarantee is generally taken for granted, and if that is a fact, that the guarantee is generally taken for granted, then we in the United States are allowing the Federal Government to sell something that is not true.

I say this: How any official can continue to get away with such deceptive and harmful labeling is beyond my belief. In the case of tobacco, that is, cigarettes, and cancer, the manufacturer has been forced to include a self-condemning label, yet in this present case of poultry inspection the U.S. Government knowingly misleads the public.

I say this, they knowingly mislead the public, because they know of these studies, they know salmonella and these diseases are present, yet they continue and persist to say it is a perfectly safe guarantee of wholesomeness and you can be sure. I just do not buy it. For your information, salmonellosis is a food borne infection that usually results in what is commonly referred to as food poisoning. It results in diarrhea, fever, intestinal upsets and a general feeling of malaise. The organism is found not only in poultry but also beef, pork and other meats, it is found in both uninspected and U.S. inspected products. The point I make is the assurance of safety leads "Aggie's Newlywed" to misunderstand and mishandle the food she buys:

Inspection of meat in the United States by even the most competent veterinarians—

And I speak as a veterinarian—

cannot provide assurance that meat is free from salmonella, because salmonella organisms cannot be seen by anyone unless a microscopic and bacteriological examination is made.

We could reduce salmonella infections if more housewives learned that eggs, poultry, and meat have to be handled with circumspection in the kitchen.

The housewife must learn, if she does not know, that if she handles raw poultry or meat—

And I would like to include in their U.S. inspected or not—

she must wash her hands thoroughly before she deals with something else; and that she must not put salad and other materials on an unwashed drainboard that has previously accommodated uncooked fowl and meat.

If more of our housewives will remember this, there will be fewer cases of salmonella poisoning.

Mr. Chairman, with no mention of caution in handling, and with "Guarantees of Safety" and "You can be sure" the housewife fails to take proper precaution and results not in making her husband "happy" but rather sick. I believe the U.S. Government cannot and should not

be a continuing party to such a hoax. Your action following today's hearing will be an indication of your intent.

There are three main points I should like to bring out relative to the entire problem of poultry meat inspection and human health or disease.

1. U.S. inspected, State inspected or uninspected poultry under present methods is sold to the housewife and consumer in the United States with a possibility of disease-producing organisms inimical to health if improperly handled at home.

2. The inspection shields and standards, placed on the birds and meat, unlike the term "pasteurized" on milk, give the consumer a false sense of security.

The U.S. Government's guarantee of safety by the placing of "U.S. inspected for wholesomeness" on the product is therefore a hoax and a fraud. It is as deceptive a policy as to normally warrant U.S. Food and Drug action if it were placed on a product by a private manufacturer or processor.

I have a reference, Mr. Chairman, in which a high official of the U.S. Department of Agriculture—I do not have it here, and I would like to be able to include it later.

Senator JORDAN. You may.

(The information referred to follows:)

TRENTON, N.J., July 8, 1968.

HON. B. EVERETT JORDAN,

*Chairman, Subcommittee on Agricultural Research and General Legislation,
Committee on Agriculture and Forestry, U.S. Senate, Washington, D.C.*

DEAR MR. CHAIRMAN: As indicated at the time of my appearance before your Committee, I pointed out that a high official of the United States Food and Drug Administration considered that Salmonella organisms would cause a food to be considered adulterated under the Federal Food, Drug and Cosmetic Act. My reference is to the following statement which was included in the paper presented by Mr. Kenneth R. Lenington, Salmonella Project Officer, Office of the Associate Commissioner for Compliance, United States Food and Drug Administration, in Washington, D.C., on April 3, 1968, before the 1968 Joint Meeting of the American Oil Chemists Society and American Association of Cereal Chemists:

"Section 402 of the Federal Food, Drug, and Cosmetic Act defines a food to be adulterated if it bears or contains any poisonous or deleterious substance which may render it injurious to health, and if it has been prepared, packed, or held under unsanitary conditions whereby it may become contaminated with filth or whereby it may be rendered injurious to health. Foods containing salmonella or other pathogens fall within those definitions."

Cordially,

OSCAR SUSSMAN, D.V.M.,

Chief, Veterinary Public Health Program,

State of New Jersey.

Dr. SUSSMAN. He indicated that the presence of salmonellosis in a product would warrant Federal Food and Drug action but with this cross business of the U.S. Department of Agriculture inspecting and Food and Drug doing the other, you will never get an action taken as in the case of this case in Pennsylvania where U.S.-inspected product is incriminated, the turkey breasts, in a salmonella outbreak.

Now, in conclusion, I want to make clear that my objection to this bill and all U.S. poultry and meat inspection activities is not to those factors that have to do with sanitation, proper equipment, or epidemiological and microbiological sampling techniques. My objection is to the illogical, impossible of accomplishment ante and post mortem procedures and labeling that give a false sense of security to the consumer.

I would like to include something here that has nothing to do with poultry but has to do with meat inspection since you covered that previously. There was an outbreak of *cysticercus bovis*, *taenia saginata*, beef tapeworm in Texas. This was touted up as a reason for actually having meat inspection. In the "Morbidity and Mortality" reports, volume 17, No. 23, June 8, 1968, there is a case report, and I will give a copy of this to you, covering a 40-year-old woman from Rhode Island who found in her stools, in her bowl movement, some tapeworm segments. She went to the doctor, and it was defined that she had beef tapeworm.

The problem was that this meat that she ate came from one supermarket, and this is the quote I would like you to understand:

The commercial sources of beef for the single supermarket from which this case purchased her meat were traced. It was found that two of the sources were slaughterhouses in Nebraska and Iowa.

That is where Congressman Smith is from who is in this meat inspection thing.

These sources had purchased Texas cattle infected with *cysticercus bovis*.

You know, you can pass over this, but the point is this meat did not leave Nebraska or Iowa with those *cysticercus bovis* cysts and get to Rhode Island to be eaten by that woman without the U.S.-inspected shield on it, and had she known that when you eat rare beef you take a chance and you might get *cysticercus bovis*, maybe she would not be so anxious to eat rare beef.

I am aware that many of us, including myself, have for years been awed by the ante-mortem and post-mortem inspection methods used under the U.S. meat and poultry inspection systems, and that was true when I first came here before this committee. I am, at present, based on scientific investigations, singularly unimpressed by the condemnation methods. In the last 60 years, methods of ante-mortem and post-mortem inspection techniques have remained essentially the same, while the processing of hogs, cattle, and poultry has changed considerably. If you think it as amazing as I do that one inspector now examines more than 10,000 carcasses per day, and that it is upon this casual inspection of birds that the U.S. Government shield "guaranteeing safety" is placed, then I ask you to do something. Do not pass this bill before you look further and deeper into this problem and get some truthful answers to the questions raised in your own mind. While difficult, try to develop an immunity to the disease "consumerism"—and I would have to admit it is pretty difficult when Betty Furness comes up to develop an immunity to something she wants but I ask you to try, for in this way you will begin to realize the consumer is the taxpayer, and he will not forever want to pay hundreds of millions of dollars for a misleading, deceptive guarantee of safety. I am certain that the taxpayers, and I agree also, would want to pay any reasonable amount of money for a properly conducted educational program that would aid in eliminating the tremendous amount of intestinal upset and food-borne diseases that occur in the United States due to improper food handling. The investigation that I call for would be a factor in aiding you in determining if this should be brought about.

In conclusion I must call to your attention that the need to determine the cost-benefit ratio to the public weal in all legislation is imperative. We are all aware of recent efforts of the Congress to trim unnecessary Federal Government spending coincident with the 10 percent surtax on our income tax. In light of the fact that there has not been shown to be a higher incidence of human disease occurring in States and among citizens who have eaten uninspected versus inspected poultry and meats it behooves all of us and especially the Congress not to be stampeded into clamoring for programs that are apparently unnecessary.

Thank you for your courtesy.

Senator JORDAN. Thank you very much. Your presentation is most interesting, and it will be of some use to us.

Dr. SUSSMAN. Thank you. I have one request. I have a letter here from Dr. Karl Meyer. He is professor of experimental pathology. He is emeritus lecturer in health sciences and director emeritus of the George Williams Hooper Foundation.

Dr. Meyer read my papers that you have, and I asked him to give me a critique. I told him I was coming here. And he gave me the authority to read this to you and have it inserted in the record if I may.

Senator JORDAN. You may.

Dr. SUSSMAN. He said:

DEAR DR. SUSSMAN: As a public health worker who for the past fifty years had experience with the control of botulism in the canning industry of California, the prevention of mussel poisoning, the suppression of ornithosis in poultry breeding and processing plants and many similar problems, I share your concern than an effective sanitary inspection of poultry will not yield the public health benefits that are intended and proclaimed by the new legislation. Ante- and post-mortem examinations without being routinely supplemented by proven bacteriological examinations will never prevent that poultry contaminated with *Salmonella* organisms be consumed by the unsuspecting public. Furthermore it is rarely appreciated that official inspection without the whole-hearted cooperation of the owners of the poultry farms and the ultimate processor will not eliminate the risk of transmitting infectious disease agents to man.

I make a sincere and strong plea that the methods and procedures adopted be thoroughly reviewed by a group of experts familiar with present-day knowledge of *Salmonellosis* and that the experiences of all food control agencies be pooled and critically analyzed before the supervisory procedures are formulated and financed.

Sincerely yours,

K. F. MEYER, M.D.

(The article attached to Dr. Sussman's statement is as follows:)

[From *Nation's Business*, May 1968]

HEALTH EXPERT REVEALS NEW LAW'S DANGEROUS DECEIT

Oscar Sussman, author of this article, is a veterinarian and lawyer with a degree in Public Health from Yale's School of Medicine. He is a former vice president of the American Veterinary Medical Association, former president of the Veterinary Medical Association of New Jersey and of the National Conference of Public Health Veterinarians. He is presently first vice president of the New Jersey Public Health Association and a senior instructor in meat inspection at Rutgers University. He has been a senior Fulbright professor and a consultant to the World Health Organization.

The Wholesome Meat Act of 1967 is a fraud. It is an expensive, unproductive extension of bureaucracy and an unnecessary and perhaps unconstitutional invasion of states' responsibilities and rights. More important, the law misleads Americans, if they think it alone will prevent disease and promote public health.

The law was enacted on the basis of half-truths, partial facts and some outright lies. The public has been told to buy only "U.S. Inspected" meats and poultry because such products are free of disease-producing organisms. Nothing could be further from the truth.

Another similar law covering fish and poultry now seems headed toward passage. The same misleading tactics are now being used by the politicians and professional consumer guardians who back this measure.

Betty Furness and Ralph Nader, two self-styled protectors of the public weal, are the best known on the bandwagon of mob psychologists and public relations experts who clobbered the meat industry.

Now they are after other foods.

The real truth is that, prior to the new law, the American meat industry furnished consumers with an abundance of nutritious, inexpensive meat and poultry. Generations of Americans have grown strong and healthy on these products. They have never caused disease, unless improperly handled or prepared in the home.

The new meat law is not only unneeded, but casts improper doubt on the high quality of the products that packers and processors have furnished the public.

As a result, the average housewife today is so frightened that she will not normally purchase any meat or poultry unless it has been stamped with two words, "U.S. Inspected," to which she attaches an almost superstitious faith.

Supermarkets have taken the clue, and now advertise they sell only U.S. inspected meat and poultry products. The rabble-rousing techniques, the shrill cries of horror which have been used are regrettable because of the harm done to the consumer, food producer and food processor. It is likely prices of meat will go up and small businessmen will be eliminated because of it.

No present method of U.S. meat or poultry inspection can assure disease-free, noncontaminated raw meat or poultry products. Reliance by the housewife on the U.S. inspected legend alone has, can and will cause countless cases of food infections such as salmonellosis and trichinosis.

HOUSEWIVES MISLED

In none of the testimony on this meat Act, or in the resultant consumer education efforts, were housewives told that there can be hazards to their families in U.S. inspected meats.

Such failure to inform rests squarely on those public health authorities who were silent then and who maintain silence now.

A false sense of security must not be legislated into the public's mind. Under the present system, U.S. inspected meat and poultry products can contain pathogenic organisms. Trichinosis is not eliminated in U.S. inspected raw pork. Salmonellae organisms are presently found in great numbers in both red meat and poultry that are U.S. inspected.

Elimination of such hazards lies in proper food-processing, food-handling and cooking techniques. The housewife must guard her family against these disease-carrying bacteria.

Proper cooking, of course, kills them.

But the danger is that they may be transferred, in the kitchen, to food that's served uncooked.

For that reason, the housewife must always wash her hands—after handling raw meat or poultry—before touching other foods. And she must always scrub a cutting board or drainboard, which raw meat or poultry has touched, before placing on it salads or other uncooked foods. Preferably she should not use the same surface.

Until newer, scientific meat inspection methods—principally epidemiologic surveillance, including bacteriological monitoring—are introduced, the public must be made aware that raw or partially cooked meats, or meats that are improperly handled after cooking, are hazardous.

This is not intended to frighten those who, like myself, prefer rare beef steak.

Usually the major share of bacterial contamination occurs on the surface of the meat. Searing the outside normally eliminates the hazard. However, this is not true with hamburger, which could be contaminated throughout the patty. Also with stuffed turkey or chicken, the stuffing acts as an insulator. So the bird should be cooked thoroughly enough to do away with any contamination in the stuffing or innermost part of the bird.

UNDER THE NOSE OF INSPECTORS

The public should understand that the huge expenditures assured by the new law only perpetuate an outmoded, ineffectual method of carcass-by-carcass inspection.

Recently, in a federally controlled plant in New York City, seven federal inspectors were present when ton after ton of tainted, uninspected horse meat was utilized and sold for human consumption. This, under the very noses of a highly touted U.S. inspectors group and with the "U.S. Inspected" stamp applied.

Also recently, thanks to the cooperation of two state health departments, a U.S. inspected, ready-to-eat sausage product was found to harbor dangerous salmonella organisms. Through cooperative efforts of industry and local and state health departments, procedures were changed in the U.S. inspected plant to eliminate the problem.

In the Congressional hearings on the Wholesome Meat Act of 1967, no mention was made of these and similar incidents. These were the same hearings where many false horror stories were exploited, pointing up the supposed need for passage of the Act.

Salmonellosis, a widespread infection of animals and man, is caused by an organism which abounds in nature.

It can be brought under control in animals used for food through a surveillance and action program initiated with vigor at the farm level.

A significant percentage of the U.S. inspected meat and poultry eaten in the United States regularly contain some organisms of this group that can cause human illness.

Dr. Arthur Wilder in the *New England Journal of Medicine* showed recently that 50.8 per cent of U.S. inspected poultry were contaminated with salmonellae while only 48.7 per cent of uninspected poultry were contaminated. Thus, the harm to the consumer in blind reliance on U.S. inspected products is beyond calculation.

At the 1965 White House Conference on Health, I stated:

"Inspection of meat in the United States by even the most competent veterinarians—and I speak as a veterinarian—cannot provide assurance that meat is free from salmonella, because salmonella organisms cannot be seen by anyone unless a microscopic and bacteriological examination is made.

"We could reduce salmonella infections if more housewives learned that eggs, poultry, and meat have to be handled with circumspection in the kitchen.

"The housewife must learn, if she does not now know, that if she handles raw poultry or meat, she must wash her hands thoroughly before she deals with something else; and that she must not put salad or other materials on an unwashed drainboard that has previously accommodated uncooked fowl and meat.

"If more of our housewives will remember this, there will be fewer cases of salmonella poisoning."

Proper precautions will prevent trichinosis. This is a disease spread to man by the eating of raw or insufficiently cooked pork.

Trichinae—organisms that cause the disease—cannot be seen by the U.S. inspector at the time he checks the carcass.

Therefore, even if trichinae are present, it is passed as U.S. inspected meat.

Many housewives have the false impression that all U.S. inspected pork is free of disease and therefore does not have to be thoroughly cooked.

Nowhere in the high pressure public relations campaign used in passing the Act was the housewife told the truth.

SAFER THAN THEY SAID

During the debate on the Wholesome Meat Act of 1967, its proponents, with great success, tossed out the names of a variety of diseases, such as tuberculosis, leptospirosis and brucellosis for public horriification.

The proponents did this in spite of the fact that no one has ever demonstrated that even one case has been spread to man in the United States by consumption of meat.

Despite this, one federal official, described them as diseases "which can be transmitted through meat and constitute a direct potential threat to human health."

During the Congressional debate, Congressman Thomas S. Foley asked for information on diseases caused by unwholesome meat. In a letter from W. B.

Rankin, the Deputy Commissioner of the U.S. Food and Drug Administration, he was told:

"Among the 80 animal diseases which may be transmitted to man, there are those which can be transmitted through meat and constitute a direct potential threat to human health. These include bovine tuberculosis, brucellosis, leptospirosis, salmonellosis and several others."

Since Congressman Foley's request was made with regard to meat inspection activities, Deputy Commissioner Rankin's reply indicated that these diseases can be prevented by U.S. meat inspection methods.

Since not one case of tuberculosis, leptospirosis or brucellosis was traced to consumption of U.S. inspected meat he would be 100 per cent correct.

He would also be 100 percent correct if he had said not one case of tuberculosis, leptospirosis or brucellosis was traced to consumption of non-U. S. inspected meat. As for salmonellosis both U.S. inspected and noninspected meats and poultry are equally capable of causing human illness if handled improperly.

As it stands, his reply was misleading to Congressman Foley and to the meat consuming public.

BEFORE NEW LAW PASSED

Prior to passage of the Wholesome Meat Act of 1967 interstate meat packers were subject to inspection by the U.S. Department of Agriculture. Meat packers whose products did not move interstate were not included in this program. Most states developed meat inspection programs which complemented the federal program.

Knowledgeable observers reported vast differences among the states; some states had excellent programs; some were poor. State programs had been conducted by State Departments of Agriculture or State Departments of Health.

Some cities filled the gap by developing municipal meat inspection programs. But no epidemiologic evidence had accumulated anywhere which indicated, because of human health illness factors, the need to further extend the U.S. meat inspection system to include the intrastate meat packers.

Evidence was and is available to the contrary.

There is also evidence of a need to overhaul and re-evaluate the present, carcass-by-carcass methods of the federal meat inspection system.

Under it, the U.S. inspector must determine—in as little as two seconds—the wholesomeness and freedom from infection of the meat of a chicken, cow, sheep, or pig that we are to eat.

It is, of course, impossible to do.

This type of inspection is unnecessary, and perhaps dangerous, because it breeds complacency against disease that may actually be present.

Public Health workers know of not one case of tuberculosis, brucellosis, salmonellosis or trichinosis that could have been prevented by looking at the carcass of an animal. Their views were not asked for, nor—in the few instances when made available to Congress—were they heeded.

The public and the Congress were stampeded into the 1967 Meat Act by a skillful and emotional exercise in publicity, but not by facts.

The Act will cost taxpayers dollars somewhere in the vicinity of \$200 million annually. It requires a federal inspector to be stationed at every private meat plant in the country—a great expense that adds nothing to the consumers' protection.

In fact, the public would benefit more by increasing health education for people responsible for kitchen management in the home, restaurants and public institutions.

The Act requires states to develop meat inspection programs at least equal to that of the U.S. Department of Agriculture. The federal government will assist in financing such programs up to 50 per cent, if the funds are made available by Congress.

Under the Act, the federal government will inspect the inspectors to be sure the state programs comply with federal standards.

If any state fails to comply within two years, the U.S. Department of Agriculture may then take over.

The question can and should be raised as to why any state should establish a new program with many new positions and pay half the cost, just to run it under federal supervision. It would be much less expensive for the state government and state taxpayers to default, and allow the U.S. Department of Agriculture to operate the program.

In this way, federal taxpayers will pay the entire cost.

As matters stand now, small packers or processors, subject to state inspection, will have to meet requirements at least equal to federal standards. But if the inspection is made by the state inspector, the businessman cannot sell in interstate commerce.

If the inspection is made by the federal government, however, small packers or processors now confined to intrastate commerce will be able to successfully compete with the large multimillion-dollar giants that have been in the interstate field.

It is intriguing to contemplate why the federal government has never trusted good, efficient, state meat inspection systems. California inspected meat, for example, has not, cannot and will not, even under the new Meat Act of 1967, be permitted across state boundaries or go to a foreign country.

LITTLE INSPECTION ABROAD

However, our federal government permits foreign meats inspected by foreign personnel to travel to all 50 states, and will continue to do so. In some cases, this meat has come from countries severely burdened with endemic diseases such as brucellosis and tuberculosis. Thirty-three countries exporting meat to the United States were, up to 1968, checked on for compliance with federal standards by only six men.

Lone inspectors were present in Australia and in New Zealand and required 18 months to visit each of the plants in their territories.

Such protection that was afforded the U.S. consumer certainly was cursory and could have been no better than California supervision.

Had the federal government encouraged the state meat inspection systems in the United States by providing recognition to efficient ones, and by allowing certain state-inspected meats to move freely in interstate commerce, we would not now be faced with a large-scale, expensive and useless take-over by the federal government.

INDUSTRY'S RECORD GOOD

In slaughtering and dressing meat, cleanliness and sanitation are, of course, important. In most instances, the American meat industry has a good record.

Both are also important for any other food product prepared for human use. But is the U.S. government obligated or prepared to furnish continuous on-site inspection at every single, food-processing establishment in the United States?

This, of course, is an absurdity.

It would require expenditures more astronomical even than those to which United States' taxpayers have become accustomed.

Sanitary practices, adequacy of facilities, epidemiological and microbiological surveillance can be better handled by a smaller corps of public health sanitarians making periodic, irregular, unannounced visits similar to those made to protect milk and other items of diet in the United States. These techniques have been so effective that virtually no disease outbreaks have been traced to milk or milk products in recent decades.

The precedent set in the Meat Act of 1967 is dangerous. It assumes federal authorities know more, are better equipped and have the public's interest more fully at heart than any state official. It sets the stage for further encroachment by a centralized, federal bureaucracy, eliminating state responsibilities in protecting their citizens' health.

If the precedent is followed, other state programs in areas of health protection or agriculture that do not meet standards decreed by federal bureaucrats could be eliminated. This could result in clean-cut lines of administrative responsibility from one federal office in Washington to regional federal offices, covering several states and eliminating need for state officials.

A DANGEROUS PRECEDENT

Once this precedent is allowed to stand, the Justice Department may well set standards for state and local police departments. Congress could pass a law providing funds to aid states in reaching the police standards set. Washington could then take over police work in those states failing to comply within two years, as inspection can be taken over under the Meat Act. The Justice Department, regardless of state statutes and state constitutions to the contrary, would then be responsible for all police work in such states.

This Big Brother type of benevolent control is as tough to oppose as motherhood or clean meat. The argument in Congress over the right of a traveler to a hamburger that is safe to eat when he travels from state to state does not really touch on the more significant factors of human illness spread by foods. Congressmen and travelers would be better protected if states were aided in implementing educational techniques and epidemiological methods of investigation with regard to cooked foods served in restaurants, diners and other potential sources of foodborne infection. Congressmen traveling the turkey banquet circuit would be better protected if everyone knew the hazards in handling raw meats and poultry and the proper way to cook foods. Unnecessary, extensive harassment of meat-packing concerns over construction details and inspection should be tempered and weighed with the true facts of food-borne illness.

The meat and poultry industry of the United States should be commended for having produced a product excelled nowhere in the world. It would continue to produce it, without federal intervention.

Consumer food protection activities at federal and state levels should be totally re-evaluated in order to get more for the taxpayers' money. The multiplicity of inspections and crossfires to which the meat, poultry and food industries are now subject—with no concomitant benefit to human health—should be ended.

A congressional review and investigation is needed to accomplish this properly. It cannot be done by rabble-rousing or inciting the public to gain political ends.

Senator JORDAN. Thank you very much.

Is Mr. Cath here? I believe he had a statement, but he is going to file it.

(The statement is as follows:)

STATEMENT OF WILLIAM STANWOOD CATH, ON BEHALF OF STANLEY I. TRENHAILE,
PRESIDENT, NATIONAL ASSOCIATION OF STATE DEPARTMENTS OF AGRICULTURE

Mr. Chairman and members of the Senate Committee on Agriculture and Forestry, I appreciate and welcome the opportunity to present this statement regarding poultry inspection on behalf of Commissioner Stanley I. Trenhaile, President of the National Association of State Departments of Agriculture.

On February 6, 1968, the following telegram was wired to the White House, Secretary of Agriculture Orville Freeman, Senator Allen Ellender, Chairman of the Senate Committee on Agriculture, and Congressman W. R. Poage, Chairman of the House Committee on Agriculture:

"NATIONAL ASSOCIATION OF STATE DEPARTMENTS OF AGRICULTURE.

"The Board of Directors of the National Association of State Departments of Agriculture has today unanimously approved the following statement: We recognize the need to update present poultry inspection laws, both state and national, to keep pace with the nation's rapidly growing population and the ever increasing efficiency of poultry production and marketing. The nation's agribusiness complex has developed poultry production and marketing to where it is a marvel of the world, making it possible for the nation's consumers to enjoy an abundance of wholesome poultry. We shall be glad to cooperate with the U.S. Department of Agriculture and others in the development of federal-state poultry inspection legislation and program that best meets the needs and interest of consumers, industry, and farmers, and continues to assure consumers the most complete protection possible in light of today's scientific knowledge.

"STANLEY I. TRENHAILE, *President.*"

This statement was issued as the result of action taken by the NASDA Board of Directors and still reflects its policy in regard to the inspection of poultry.

H.R. 16363 incorporates the necessary provisions to develop a strong State-Federal cooperative poultry inspection program in the United States. However, Section 5(c)5 which would have provided for the movement of State-inspected products in interstate channels, has been stricken from the bill and, therefore, creates the same problems that confronts States in their efforts to implement the Wholesome Meat Act.

Also on February 6 of this year, the NASDA board of directors forwarded a resolution to all members of Congress in regard to the Wholesome Meat Act, asking that the Congress of the United States, as an emergency measure, act immediately to pass a bill amending the Wholesome Meat Act which would provide that all meat and meat food products inspected at any establishment in any

State having mandatory ante mortem and post mortem inspection, reinspection, and sanitation requirements that are at least equal to those required under the Act, and bearing the official legend of the State, shall be deemed as a matter of law as having fully met the requirements of the Act and, therefore, entitled to be treated in every manner and jurisdiction as though it were the official inspection legend of the United States Department of Agriculture. In answer to the resolution, Secretary Freeman stated that the Department of Agriculture poses no objection to such an amendment when State programs have met the requirements of at least equal to the Federal standards.

We ask that this provision be incorporated in H.R. 16363 in order to prevent the same problems from recurring under a new poultry inspection mandate that exists today under the Wholesome Meat Act. We also ask that Congress incorporate the same feature in the Wholesome Meat Act, Public Law 90-201.

Senator JORDAN. Thank you very much, ladies and gentlemen, for being here and especially those who testified.

The subcommittee will recess until 10 o'clock tomorrow morning.

(Whereupon, at 11:50 a.m., the committee recessed, to reconvene at 10 a.m., Tuesday, July 2, 1968.)

WHOLESOME POULTRY PRODUCTS ACT

TUESDAY, JULY 2, 1968

U. S. SENATE,
SUBCOMMITTEE ON AGRICULTURAL RESEARCH
AND GENERAL LEGISLATION OF THE
COMMITTEE ON AGRICULTURE AND FORESTRY,
Washington, D.C.

The subcommittee met, pursuant to recess, at 10:05 a.m., in room 324, Old Senate Office Building, Senator B. Everett Jordan of North Carolina presiding.

Present: Senators Jordan of North Carolina (presiding), Byrd of Virginia, and Young of North Dakota.

Also present: Senator Aiken.

Senator JORDAN. The subcommittee will please come to order.

We are going to be a little bit out of order on the witness list this morning. Dr. Sencer is not present at the moment.

Mr. Jack Lynn of the American Farm Bureau Federation is here, and we will be glad to hear from him at this time.

It seems to me that your statement is rather short.

Mr. LYNN. I would just like to file it for the record and, if I may do so, make two points.

Senator JORDAN. You may do so. It will be put in the record at the conclusion of your remarks.

STATEMENT OF JOHN C. LYNN, LEGISLATIVE DIRECTOR, AMERICAN FARM BUREAU FEDERATION

Mr. LYNN. Mr. Chairman and members of the subcommittee, we do not have any specific amendments to this bill. We would hope, however, that the legislative history would encourage a continuation of improvement in State inspection. The way the bill is currently drawn, it seems to give a premium to those who do a poor job, and that the Federal Government will take over the responsibility.

As I say, we do not have any specific amendments to correct this. We would hope that the legislative history would encourage improvements by the Department of Agriculture of State inspection systems, because the States have a pretty good system now with regard to poultry meat inspection.

Senator JORDAN. I do not see why that could not be handled very well in the report.

Mr. LYNN. We hope that you will.

Senator YOUNG of North Dakota. I think the objective is very good, but how it will be accomplished, I do not know. This business of the Federal Government taking over if the States do not do a good job

means, in a lot of cases, that the State bears the expense of doing this work themselves or they can just let the Federal Government do it.

Mr. LYNN. This is right. We know of two or three States that have indicated that if this becomes law they will simply save some \$10 million in State appropriations and let the Federal Government take over this responsibility. This is a bad precedent, and I am sure that you all agree with that; we have to strengthen the State governments rather than simply have the Federal Government move in and take over. It might be that you could work out a scale of Federal grant-in-aid to the States based on the kind of job they are doing or how they are improving over a period of 3 years. This bill provides that at the end of 2 years if they have not met the standards, the Federal Government can take over the responsibility. We believe that with some kind of reverse incentive that the State programs can be strengthened.

The second point that we would like to make is that currently it is very difficult in some cases for individual producers to get inspection reports on their birds. This was made very clear during the House debate. Mr. Purcell inserted a letter from Mr. Freeman indicating that it would be his intent, on the passage of this legislation, to require, as a part of his administrative instructions, that each individual producer be given his inspection certificate for his lot of birds. And we hope that this committee will make it clear that it is your intent that the inspectors do this.

As we understand the situation now—and this is not true in all cases—we think, roughly, 85 percent of the processing plants do give each individual lot of bird an inspection report, but in some cases a trailer load of birds for example comes into a slaughtering plant and there may be birds on this truck from four different producers, and the plants sometimes are inclined to give the inspection report based on the trailer load of birds rather than how many farmers A had and how many farmer B had, and as a producer we do not know what was wrong with our lot of birds, whether they were bruised or had diseases, so that I, as a producer, can make the necessary corrections in my housing and feeding practices.

We would say that this is not an overwhelming problem, but in a few slaughtering plants it seems to be a problem.

We have assurances on page 8592 of the record a letter from the Secretary, in the House debate, in which he said “that in view of the foregoing, the Department’s position would be that regulations should be issued under the bill if enacted requiring processors subject to the inspection requirements to separately slaughter and process lots of poultry received from individual growers.”

This legislative history is sufficient for us, but we would emphasize that we would hope that the Senate would emphasize this point.

Senator JORDAN. We can do that. I think it is necessary. I know there has been the complaint from a number of producers, that their birds were turned down and they did not know why. They felt they might be getting gypped, because there were so many birds, and they were not given individual inspection certificates. I think they should be.

(The prepared statement of Mr. Lynn is as follows:)

We appreciate the opportunity to appear before this Committee with regard to legislation to amend the Poultry Products Inspection Act.

The growth of the poultry industry in the United States has been one of the real technological revolutions in agriculture during the past two decades. The

broiler industry has grown at a very rapid rate, and in many areas ranks No. 1 in farm income. Broiler growers and contractors (including feed companies and processors) have done an excellent job of providing consumers with a wholesome, well-packaged product at a relatively low cost; and as statistics will reveal, housewives have responded by increasing their purchasers of broilers at a phenomenal rate.

The U.S. Department of Agriculture has done an excellent job under the present Poultry Products Inspection Act. Approximately 87 percent of U.S. poultry slaughter already is subject to federal inspection. About 10.9 billion pounds were federally inspected in 1966 and in some 900 poultry processing plants.

The Farm Bureau is for continuing the great progress that has been made in developing and marketing the highest possible quality poultry products. We believe these results can be attained without having the federal government reach down to the local and community level.

The emphasis in any new inspection legislation should be on preserving and strengthening state poultry inspection systems rather than on causing the federal government to take over this responsibility.

State responsibility can be maintained by providing an incentive to the states to maintain and improve their poultry inspection systems. There is a danger that the approach proposed in S. 3383 and other bills would encourage states to abdicate their responsibilities in this regard. If we are to have the highest possible quality food—and this is our desire—the cooperation of the states will be required. We are not likely to get the kind of cooperation that is needed by threatening the states with a federal take-over of their responsibilities.

We do not believe that inspection of eggs, egg products, feed, and fish should be included in a poultry inspection bill.

We recommended to the Subcommittee on Livestock and Grains of the House Committee on Agriculture that a clarifying amendment be inserted at the appropriate place in the House bill to require that poultry processors lot growers' birds separately and provide each grower with a copy of all inspection reports with respect to his poultry.

This amendment was not inserted; however, sufficient legislative history was incorporated into the record on the floor of the House to show clearly that it is the intent of the House to require processors to slaughter and process poultry received from individual growers in separate lots and to furnish official inspection reports to growers. A letter from the Secretary of Agriculture, Orville L. Freeman, stated that the Department's position is that regulations should be issued under the Act "requiring processors subject to inspection requirements to separately slaughter and process lots of poultry received from individual growers and (provide) for the furnishing to the grower of information developed on inspection concerning condemnations and the total number of birds processed in the particular lot of the grower."

We urge that this Committee clearly indicate its support for this position.

Farm Bureau has a very vital interest in the poultry industry and we will continue to work for improvements in developing this industry to the end that poultry growers and contractors can increase their net incomes. This can best be accomplished by providing consumers with the highest quality poultry products at reasonable prices with a minimum of government interference.

Senator JORDAN. Do you have any questions, Senator Byrd?

Senator BYRD. I would just like to endorse the need to preserve and strengthen the State inspection systems. I think the Federal Government is getting into too many fields and taking over too many areas, and wherever the State can do the job, I think it is our responsibility to enact legislation that will tend to strengthen the State system, wherever we can.

So, I endorse strongly that suggestion of Mr. Lynn's.

Senator JORDAN. Any questions, Senator Young?

Senator YOUNG. No questions.

Senator JORDAN. Thank you, Mr. Lynn. We appreciate you being with us.

Mr. LYNN. Thank you, sir.

Senator JORDAN. Our next witness is Dr. David J. Sencer, Assistant Surgeon General, and Director, National Communicable Disease Center, Department of Health, Education, and Welfare, Atlanta, Ga.

STATEMENT OF DR. DAVID J. SENCER, ASSISTANT SURGEON GENERAL, AND DIRECTOR, NATIONAL COMMUNICABLE DISEASE CENTER, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE, ATLANTA, GA.

Dr. SENCER. Mr. Chairman and members of the subcommittee. I would like to preface my statement, Mr. Chairman, by saying that my remarks are not a condemnation of the poultry industry by any manner of means. The poultry industry provides a very nutritious and very wholesome food for the most part, but I think that we must point out there are some public health problems that face the poultry industry.

The major illness associated with poultry and poultry products is salmonellosis. Salmonellosis is an intestinal disease ranging in severity from mild diarrhea of several hours duration and 1 to 2 days loss of time, to prolonged illness with fever, lasting weeks and causing moderate disability. Deaths from salmonellosis are rare, but they may occur, particularly among children and the elderly.

Salmonella infections are common—there were nearly 20,000 isolations of salmonella organisms from humans reported to the National Communicable Disease Center in 1967. And this represents only a small fraction of actual cases which occurred, since there is a tendency for local and State health departments to report only the large outbreaks. It is conservatively estimated that a million human cases of salmonellosis occur in this country every year, but not universally related.

An example of a poultry-related epidemic of salmonellosis is an outbreak which occurred last year, affecting an estimated 1,790 persons who had eaten an imitation ice cream dessert.

This dessert was contaminated by unpasteurized egg yolks produced by a single company. The egg yolks were prepared from checked shell eggs originating from several States. Once the shell barrier is broken, salmonella organisms can easily gain entrance to the contents of an egg. Thus, checked eggs are often found to be contaminated. Unless these eggs are properly pasteurized, they represent a significant potential for spread of salmonellosis.

There were 73 poultry-related outbreaks reported to NCDC between 1962 and 1967, causing illness in more than 10,000 persons.

In addition to the 20,000 human isolates of salmonella received by NCDC last year, there were nearly 9,000 isolates from nonhuman sources, with half of these from poultry and poultry products. Animal feed was the source of 17½ percent of the 9,000 isolates. Animal feed is often prepared from the scraps of animal carcasses, especially fish, fowl appendages, and feathers ground together. This is sold as a low-cost, nutritious, but, unfortunately, frequently contaminated, food. This is especially important in the perpetuation of salmonellosis because of the recontamination of poultry and their products in a vicious, continuing cycle.

The NCDC has conducted a number of studies of the environment of poultry processing plants in connection with investigations of outbreaks of salmonellosis. A recent study, reported in the

May 1968 issue of Public Health Reports, showed that in one plant approximately 18 percent of 1,400 specimens of chicken feces; 16 percent of 170 feed specimens; and 48 percent of 95 environmental cultures were positive for salmonella. Findings in other studies performed by the Center have shown a similar picture of gross contamination within poultry processing plants. Frequently, such contamination has been found to be the source of salmonella outbreaks.

In summary, poultry, poultry products, and poultry feed can be shown to be a source of infection to humans. To prevent such infection requires not just inspection but a vigorous educational effort aimed not only at producers and distributors but also at the person preparing the meal, whether it be restaurateur or housewife, for the majority of instances of food poisoning result from improper handling of the food-stuffs.

We will be pleased to answer any questions you have.

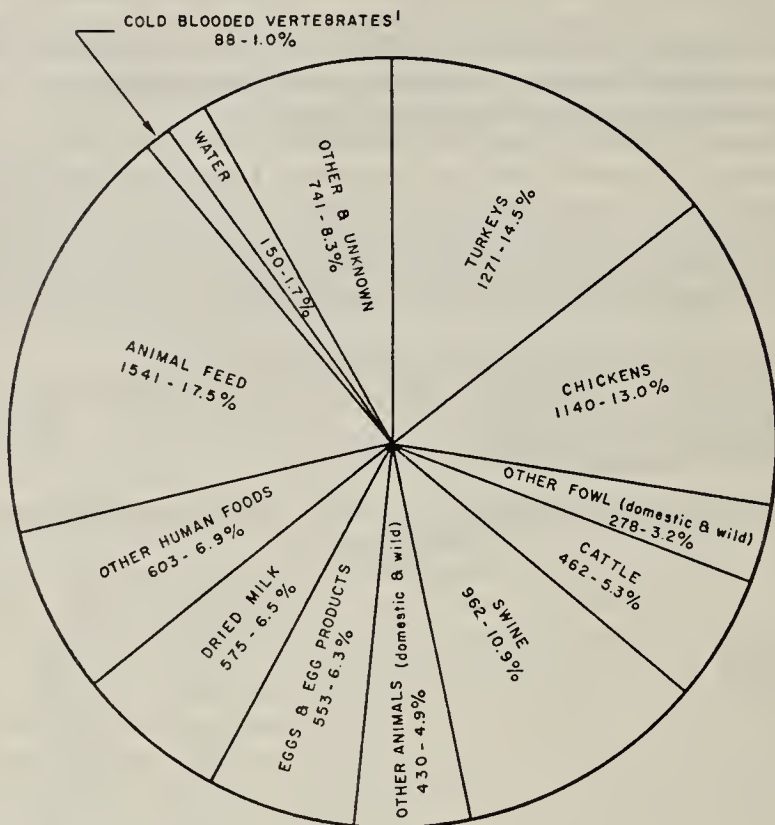
Senator JORDAN. The tables attached to your statement will be made a part of the record at this point.

(The table and graph referred to follow :)

FOODS RESPONSIBLE FOR OUTBREAKS OF SALMONELLOSIS REPORTED TO THE NATIONAL COMMUNICABLE DISEASE CENTER, 1962-67

Vehicle	Number of epidemics	Persons involved	Persons/ outbreak
Eggs and egg products.....	40	4,590	115
Turkey.....	26	5,474	211
Chicken.....	7	317	45
Subtotal.....	73	10,381	371
Beef.....	9	737	82
Pork.....	5	282	56
Milk:			
Raw.....	5	56	11
Powdered.....	2	39	20
Other.....	21	3,431	163
Unidentified.....	37	2,705	73
Total.....	152	17,631	116
Percent due to poultry products.....	48	59	

NUMBER AND PERCENT OF NONHUMAN SALMONELLA ISOLATIONS
FROM THE INDICATED SOURCES IN THE UNITED STATES-1967 *



¹INCLUDES 57 TURTLE ISOLATES

* The above gives a very crude indication of the types of food products which health laboratories find contaminated, and these data are not necessarily representative since sampling is selective rather than random.

Senator JORDAN. Do you have any questions, Senator Byrd?

Senator BYRD. No questions.

Senator JORDAN. Senator Young?

Senator YOUNG. What effect does this have on the human being?

Dr. SENCER. It is one of severe diarrhea, sometimes vomiting, fever. In some instances, prolonged illness.

There was an outbreak several years ago in a series of hospitals that went back to the egg products being used in the hospital where there were a good number of deaths. And these were in the cases of people debilitated from other causes, and when you add the insult of severe diarrhea with the loss of fluid, it can cause death.

Senator YOUNG. This disease is being wiped out in the poultry industry now in many areas, is it not?

Dr. SENCER. There are vigorous attempts to control it. I do not think that we should say that it is being wiped out.

The big problem, as I mentioned, is in the feed. If the feed is contaminated, this gets back into the flock, and the flock will recontaminate itself, so that until there are measures to control the purity of the feed, it is difficult to wipe out salmonellosis.

Senator YOUNG. Thank you.

That is all, Mr. Chairman.

Senator JORDAN. You spoke a minute ago about feathers and offal being resold for feed. Are they precooked?

Dr. SENCER. In some instances they are. But the problem is that you start with a contaminated product, you start with a feed and perhaps it is sterilized at that time but then the environment of the processing plant is such that it can become recontaminated in the process of being stacked and shipped. Unless you have good sanitation around the processing plant, for the disposal of refuse and the like from the plant, there is a good opportunity for this to come about.

An investigation in the fish meal has shown that you can start with the contamination product, and you can clean it up in the process of preparing it to be sold, but then as it is packaged and stored it can become recontaminated.

Senator JORDAN. What is checked shell eggs?

Dr. SENCER. These are cracked eggs, where the shell is cracked, broken.

Senator JORDAN. It is cracked?

Dr. SENCER. Yes, sir.

Senator JORDAN. I can see where they would become contaminated.

Thank you very much, Dr. Sencer. We appreciate your being with us. We appreciate your testimony.

Dr. SENCER. Thank you.

Senator JORDAN. Our next witness is Mr. Dunkelberger, on behalf of the National Cannery Association.

We are glad to have you with us. You have been before this committee before. We are glad to have you back again.

STATEMENT OF EDWARD DUNKELBERGER, ON BEHALF OF THE NATIONAL CANNERS ASSOCIATION

Mr. DUNKELBERGER. Mr. Chairman and members of the subcommittee, my name is Edward Dunkelberger. I am a member of the firm of Covington & Burling and am appearing today on behalf of the National Cannery Association, a nonprofit trade association whose almost 600 members, having canning plants in 44 of the 50 States, pack approximately 85 percent of our national production of canned fruits, vegetables, meats, seafoods, and specialties.

The members of the National Cannery Association who pack canned poultry products have been fully subject to the requirements of the Federal Poultry Products Inspection Act ever since it became effective after enactment 10 years ago. Canned poultry and poultry products are prepared from federally inspected poultry, are packed under continuous Federal inspection, and are distributed widely in interstate and foreign commerce. Indeed, the canning industry supported the enactment of the Poultry Products Inspection Act in 1957, as it has many other Federal laws designed to assure that consumers will receive a safe, wholesome, and truthfully labeled food supply.

There can be no dispute as to the salutary effects of the Poultry Products Inspection Act for consumers, manufacturers, and producers, nor can there be any question that requirements equivalent to those imposed under the Federal act should be applicable to all poultry and poultry products sold for human consumption in this country. The National Canners Association endorses and supports the enactment of Federal legislation that will achieve that purpose.

We believe that H.R. 16363—recently passed by the House—would be an important and effective step in consumer protection, and that at the same time it would protect those companies now under Federal inspection against the possibility of unfair competition from purely intrastate firms. The canning industry also strongly endorses those provisions of the bill that will prevent the sale of imported poultry products not produced in accordance with the requirements of the Federal act.

Senator JORDAN. There was some discussion about poultry products being imported—not a great deal, but there was quite a large quantity of canned poultry and turkey also being imported into this country.

Mr. DUNKELBERGER. I am not familiar with the figures on that. It is my understanding that there is some volume of such canned products being imported, but I have no idea to what extent it has been taking place in terms of figures.

Senator JORDAN. Do we have any control over the purity or quality of these imports?

Mr. DUNKELBERGER. It is my understanding: No. 1, that the existing act was intended to apply and does apply to those products imported into this country. They are poultry products subject to the jurisdiction of the Poultry Products Inspection Division of the U.S. Department of Agriculture, and I would assume that the plants in which those canned products have been processed abroad are subject to the same requirements that the Department imposes upon plants abroad that might pack other poultry products to be shipped into this country. I think, inevitably, you get the question of whether the inspection program abroad is as effective as the continuous inspection here in this country, but on the assumption that the certification by the USDA—and I believe only two or three countries have been certified to ship poultry products into this country—is meaningful, those products are probably generally as good as the domestic products.

Senator JORDAN. I believe we had testimony that sample cans are opened for analysis and a microscopic examination, et cetera, to detect salmonellosis and other diseases. Some of these products have been confiscated and have not been allowed to be sold.

Mr. DUNKELBERGER. They do sample food imports wholly apart from any certification of the foreign inspection system. They do sample all imports of all food products, it is my understanding—that is, a certain percentage of them. Many people question whether the percentage should be higher.

I know that in the fish legislation in which we are concerned, we feel that it should be significantly higher. I am not aware that the industry feels that it is a problem from imported chickens and turkeys.

Senator JORDAN. I just wanted to have that information as to the canning situation. Thank you very much.

Mr. DUNKELBERGER. Yes, sir.

While the National Canners Association supports H.R. 16363, we would like to urge upon this Committee the adoption of a few—but we believe vitally important—amendments. These concern three aspects of the bill that have received little attention or interest, but which raise, we submit, substantial problems of legislative intent, public policy, and constitutional limitations.

RULEMAKING PROCEDURE

The Poultry Products Inspection Act does not now, nor would it after enactment of H.R. 16363, provide for hearings and a record in the event of disagreement as to the wisdom or propriety of any of the many kinds of administrative regulations promulgated under the act. There is no requirement that such regulations be based upon substantial evidence, nor is there any provision for findings, indeed, for any record, upon which judicial review can be sought if necessary. The Department need do no more than publish a proposal and provide an opportunity for written comments.

The requirement for a hearing, at which the officer who desires to promulgate detailed regulations must appear and present for the record the facts upon which their need and reasonableness is based, is an important and now well-established procedural safeguard for the adoption of regulations that will have the force and effect of law. Where Congress deems it to be necessary and in the public interest to delegate to an administrative agency the formulation of substantive regulations, it has in recent years recognized that such delegation of its legislative power must be accompanied by at least minimum procedural safeguards for those who will be governed by the regulations.

The Federal Food, Drug, and Cosmetic Act of 1938 contains a carefully considered procedural framework in section 701(e), (f) and (g), which provides for public notice of rulemaking, an opportunity for comments by interested persons, and the publication of a regulation after consideration of these comments. If a person who is adversely affected by the regulation objects within 30 days and demands a hearing, a hearing will be held if the objection raises factual issues. Any interested person may appear at the hearing and present evidence. The final regulation must be based on substantial evidence in the hearing record. Judicial review is provided for any person adversely affected by the final regulation.

This procedure has proved to be beneficial and workable for all concerned. It applies to the promulgation of food standards, food and color additive regulations, drug regulations, pesticide regulations, and dietary regulations. In 1966, it was incorporated by Congress in the Fair Packaging and Labeling Act and has provided a basis for the promulgation of regulations that are in the public interest with a minimum of procedural redtape. Its principal advantages are that although it provides adequate protection to those who will be adversely affected by a regulation, it also has flexibility, so that a hearing will actually be held only if a dispute arises on a relevant issue of fact.

We propose that this section 701 procedure be incorporated into H.R. 16363. A provision along the following lines could be added as a new section of the act:

Regulations promulgated by the Secretary under sections 4(g) (2) (D), 4(h) (10), 4(h) (12), 8(a), 8(b), 11(b) and 14(a) of this Act shall be promulgated and shall be subject to judicial review, pursuant to the provisions of subsections (e), (f) and (g) of section 701 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 371(e), (f) and (g)). Hearings authorized or required for the promulgation of any such regulations by the Secretary shall be conducted by the Secretary or by such officer or employee of the Department of Agriculture as he may designate for that purpose.

We should emphasize that in making this proposal the association does not suggest capriciousness on the part of the Secretary in promulgating regulations. The point is that so long as the central purpose of this bill is to modernize Federal law with respect to poultry and poultry inspection, modern procedural safeguards should also be incorporated. These procedures have proved workable in other Federal laws, and have enjoyed wholehearted support not only from private parties but from the agencies and commentators as well. There is every reason to believe that the administration of the new act can be accommodated to these modern administrative procedures.

Senator JORDAN. In the middle of page 4, you have the regulation to be promulgated by the Secretary under section 4(g). Is that what you would like to have incorporated?

Mr. DUNKELBERGER. Yes, sir. I might add that that language had the effect of making applicable the procedures in the Federal Food, Drug, and Cosmetic Act. This language is based on similar language in the Fair Packaging and Labeling Act which is also incorporated by reference. The matters to be covered by that regulation are our conclusions as to which rules ought to be adopted, and are authorized under the Poultry Act; and, to be adopted under this procedure. It is conceivable that people might differ as to which particular rules would be covered, but we believe these are the substantive rules authorized by the act which will have the force of law in the sense of rule-making or law-making, and should be subject to this provision.

Senator JORDAN. Thank you, sir.

Are there any questions at this point on that particular part?

If not, proceed.

Mr. DUNKELBERGER. Returning to my paper and picking up with the subject of access to company records:

Another provision of the bill that concerns us is section 11(b), which provides that companies regulated by the act would be required to keep such records as are properly necessary for the effective enforcement of the act, and to afford to representatives of the Secretary of Agriculture access to their places of business and opportunity to examine the facilities, inventory, and records thereof. The section goes on to authorize the Secretary's representative to copy all records and to take samples of inventory upon payment of their fair market value.

This extremely broad inspection authority may be contrasted with the language of section 704 of the Federal Food, Drug, and Cosmetic Act which provides for the inspection of all plants producing food for shipment in interstate commerce. As amended in 1953, this section authorizes FDA investigators to enter at reasonable times, any factory, warehouse or establishment in which foods are manufactured, processed, packed, or held for introduction into interstate commerce, and to inspect at reasonable times and within reasonable limits and in a reasonable manner, such factory, warehouse or establishment and all

pertinent equipment, finished and unfinished materials, containers and labeling therein.

The legislative history of the 1953 amendments to section 704 made it clear that this inspection authority, which was deemed by Congress to be wholly adequate for the protection of the public, need not and did not extend to the documents, records and files in food, drug and cosmetic company plants and offices. In 1962 limited records inspection authority was enacted for prescription drug plants.

Of even greater significance to Congress's consideration of the inspection provisions of H.R. 16363 are the Supreme Court decisions of June 1967 in *See v. Seattle* and *Camara v. The Municipal Court of the City and County of San Francisco*, in which the Court held that fourth amendment prohibition against unreasonable search and seizure extends to governmental inspections of residential and commercial property. In those decisions the Supreme Court condemned warrantless compulsory inspection of business establishments and held that a business proprietor can legally refuse to admit a Government inspector unless he is armed with a search warrant. As the Court stated in *See*:

We therefore conclude that administrative entry, without consent, upon the portions of commercial premises which are not open to the public may only be compelled through prosecution or physical force within the framework of a warrant procedure (387 U.S. at 545).

There can be no question that these cases—decided less than a year ago—have direct application to Federal statutes authorizing food plant inspection. The FDA issued a press release shortly after the Court's action stating that the decisions called for abrupt change in its inspection procedures. Food and Drug inspectors were instructed to apply to U.S. district courts for inspection warrants whenever owners or managers of business plants refused to consent to an inspection voluntarily.

Indeed, the United States Court of Appeals for the Third Circuit has already held that *Camara* and *See* are fully applicable to the FDA's inspection authority under section 704, and that the fourth amendment as interpreted in these Supreme Court decisions applies to business records. *United States v. Stanack Sales Co., Inc.*, par. 40 284 Food, Drug, and Cosmetic Law Reports (3d Cir. Jan. 5, 1968). In spite of the fact that section 704 grants FDA access to certain prescription drug plant records, as we have already noted, the court held that such access could not be obtained without a subpoena or search warrant that delimited the confines of the search by designating the needed documents.

The constitutional problems raised under the Food, Drug, and Cosmetic Act are increased significantly by H.R. 16363 which, unlike the former act, would authorize unlimited access to company records. Refusal by a company to permit such inspection would apparently be dealt with in one of two ways. The Secretary could either refuse to provide plant and product inspection, thus rendering any interstate shipment of poultry from the plant in violation, or he could prosecute the offending company or individuals for a criminal violation under section 12(a). In either case the constitutional limitations announced in *Camera* and *See*—and applied in *Stanack*—would come into play, to require that such penalties could be imposed only if the inspector who

had been refused access to records had a search warrant or subpoena which designated the records he wished to see.

It is no answer to say that the Secretary need not insist on his right to inspect all records without limit, but that he may establish that right as a condition of the company's right to ship poultry products in interstate commerce. The Court stated in *See* that it did not reach the question of how the fourth amendment prohibition should be applied in those instances where inspection is required prior to operating a business or marketing a product. But the Court's opinion leaves no doubt that the Government can never insist on unlimited search of premises and records without a warrant.

The Supreme Court has repeatedly ruled that Congress may not erode constitutional rights indirectly by imposing conditions any more than it can by affirmative command. As the Court said in *Gomillion v. Lightfoot*, 364 U.S. 339, 347-48 (1960), "a constitutional power [such as regulation of interstate commerce] cannot be used by way of a condition to attain an unconstitutional result," since "constitutional rights would be of little value if they could be thus indirectly denied."

The inspection provisions of H.R. 16363 are, of course, based on similar language in last year's amendments to the Meat Inspection Act. Serious concern was expressed in the Senate and House concerning this extremely broad recordkeeping and inspection provision, and both the Senate debate and the conference report expressed the congressional intent that the Secretary of Agriculture should issue regulations setting forth specifically what records must be kept and under what circumstances they are to be made available to duly authorized representatives of the Secretary.

Thus, the legislative history of this meat inspection provision makes it clear that Congress recognized its constitutional difficulties. Congress sought to cure them by directing the Secretary to provide by regulation some of the particularity that was missing from the statutory language, in the light of the requirements of the fourth amendment.

But the promulgation of such regulations would not in itself satisfy the requirements of the fourth amendment. In *Camera* and *See* the Supreme Court expressly invoked the numerous cases in which Federal courts have refused to uphold subpoenas demanding company records that are unduly broad and do not specify with particularity the records to be produced or examined.

The Court in *See* emphasized that even though a statute grants a right of access to corporate records, the Government agency "must delimit the confines of a search by designating the needed documents in a formal subpoena." 387 U.S. at 544-45. The opinion goes on to hold that it is "these rather minimal limitations on administrative action which we think are constitutionally required in the case of investigative entry upon commercial establishments." And the court of appeals has now expressly held in *Stanack* that this same requirement of designation applies to a search warrant granting access to business records.

We strongly urge that this committee write into H.R. 16363 at least minimal constitutional limitations along this line, instead of delegating to the Secretary the sole responsibility for interpreting and applying the fourth amendment to hopelessly broad statutory language. The bill could be amended to authorize the Secretary to adopt regulations

specifying which company records would be relevant to the effective enforcement of the act and the accomplishment of the statutory purposes. These regulations should also specify the terms and conditions under which specific records might be sought by inspection warrant or subpoena.

If an inspector then deemed it necessary to see certain records of a company, he could present his request to the company, designating with particularity which records he wished to see. If the company did not believe that such records were within the type specified by the Secretary in regulations as necessary for enforcement of the act, or if for any reason questioned the inspector's authority, it could refuse inspection until such time as the inspector obtained a search warrant or subpoena.

This three part approach of: (1) administrative specification by regulation of what records should be kept and made available for effective enforcement of the act, (2) designation by the inspector of what particular company records he wishes to see, and (3) the use of search warrants and subpoenas when access is denied, would not only meet the requirements of the fourth amendment, but would also provide an effective means for achieving the statutory purpose. Attached to our statement is suggested language that would carry out this approach.

PACKAGING AND LABELING CONTROLS

One other aspect of the bill which we believe deserves some consideration is the authority given to the Secretary in section 8(b) and 8(c) to prescribe the styles and size of type of required labeling and to prohibit the use of packages which he believes are false or misleading. The type size authority is not limited to the net quantity declaration, but instead extends to all required label statements. In this respect, the bill is contrary to the recently enacted Fair Packaging and Labeling Act, which authorizes type style, and size regulation only with respect to the net quantity declaration. We know of no reason for entrusting the Secretary of Agriculture with this additional and unprecedented authority over every detail of label design.

Finally, the provisions for prior approval of packages in sections 8(c) and (d) would appear to be inconsistent with the provisions of the Fair Packaging and Labeling Act, which rejected the initial proposals of administrative specification of package size and shape. Other foods remain subject to the provision in the Federal Food, Drug and Cosmetic Act that they will be deemed to be misbranded if the container "is so made, formed, or filled as to be misleading." This same provision would be applied to poultry by section 4(h)(4) as added by the bill.

(The attachment to Mr. Dunkelberger's statement is as follows:)

PROPOSED REVISION OF SECTION 11(b) OF H.R. 16363

SEC. 11(b). The following classes of persons shall maintain such records and for such period of time (not to exceed two years) as are specified by the Secretary in regulations as are properly necessary for the effective enforcement of this Act in order to insure against adulterated or misbranded poultry products for the American consumer; and all persons subject to such requirements shall, at all reasonable times, upon presentation of a search warrant by a duly authorized representative of the Secretary, afford such representative access to their places

of business and an opportunity to examine the facilities, inventory and records designated in such warrant, to copy any records designated in such warrant, and to take reasonable samples of their inventory upon payment of the fair market value therefor—

(1) Any person that engages in the business of slaughtering any poultry or processing, freezing, packaging, or labeling any carcasses, or parts or products of carcasses, of any poultry, for commerce, for use as human food or animal food ;

(2) Any person that engages in the business of buying or selling (as poultry products brokers, wholesalers or otherwise), or transporting, in commerce, or storing in or for commerce, or importing, any carcasses, or parts or products of carcasses, of any poultry ;

(3) Any person that engages in business, in or for commerce, as a renderer, or engages in the business of buying, selling, or transporting, in commerce, or importing, any dead, dying, disabled, or diseased poultry or parts of the carcasses of any poultry that died otherwise than by slaughter.

The Secretary shall promulgate regulations setting forth specifically what categories of records shall be kept for the effective enforcement of the provisions of this Act and setting forth the reasonable terms and conditions under which these records are to be made available to duly authorized representatives of the Secretary, including provisions for representatives of the Secretary to designate, in advance of each inspection, the particular records sought to be inspected and for such representatives to obtain a search warrant designating the records to be inspected in the event that access to such records is denied.

Mr. DUNKELBERGER. At this point, I would like to summarize the last five or six pages. This is essentially a legal discussion, on a very simple point. In June of 1967, the Supreme Court held in two cases cited in our testimony that it is unconstitutional search and seizure for the Government to have unlimited access to any premises, private or commercial. Our feeling is that although on-the-spot inspection of the poultry product is well established and certainly consistent with a long line of cases in this area, that this new authority to have unlimited access to the records of companies covered by the act should be modified by the Supreme Court announcements in the *Camera* and *See* cases. The section that we would add to the bill—it is the last two pages attached to the statement—the proposed revision of 11(b) which would essentially do this, that the Secretary should adopt regulations specifying which record his inspectors should be able to see in order to enforce the act. The inspector could then go to the plant and say “I want to see these records—the specific records,” identifying them by specificity or at least the types of records he has in mind.

If, for any reason, the company feels the inspector is not authorized to see those records, the feeling they are not related to the enforcement of the act and are not covered under the regulations, the company has the right to insist that a search warrant be obtained, and then the inspector can proceed to get a search warrant and have complete access to those records.

We would like to add, after the *Camera* and *See* decisions, that the Food and Drug Administration announced that if inspections were denied to any of its inspectors under the long established inspector provisions of the Food and Drug Act, they should then proceed to go to court and get the warrant. And the National Canners Association advised its members that we did not believe that it would be either in the interest of the industry, the public, or the agency to insist on such a warrant. And I believe the general practice is the exception to that. FDA inspectors have been allowed in the plants on the same basis since those decisions as they have been before. We just believe that it

is important to protect the rights of the canners. If the time ever comes when a canner covered by this act, believes that the inspection request is not justified or raises the question of law, that the canner should have, at the peril of criminal prosecutions, to let the person in and see the records, they should be able to say "I do not believe that you should see those records." They do not relate to the enforcement of the act," or some other basis on which he might claim that they should in and see the records should be able to say, "I do not believe that you should see those records. They do not relate to the enforcement of court, get a search warrant and see the records if the the court agrees that it is necessary for the enforcement of the act.

Senator JORDAN. In other words, you do not question the right or the propriety of the Secretary or his inspectors in seeing anything that is necessarily related to this act, but you do not believe that he should have free access to all of the records in that plant?

Mr. DUNKELBERGER. That is right, sir. And the only practical way to test that in any decision is to say, "Well, if the man in the plant questions the right to see the particular records, then, it can be resolved if the inspector gets the search warrant—he gets in and he sees the records."

We wholeheartedly feel that he should have the right to see the records, if they are necessary to the enforcement of the act. If there is any dispute it should be resolved by the courts, and we think it is very workable. And so far as I have seen under the Food and Drug Act, I do not know of any food plant that has insisted that the inspector get a warrant. Probably, the agency only made reasonable and appropriate requests to inspect. We think it would be workable here.

I might add that we made a similar proposal on the House side and the Department apparently did not favor the inclusion of this provision in the bill. We do think it is worth while.

Now, turning to page 10 of my statement, there is one other point, "Packaging and Labeling Controls":

One other aspect of the bill which we believe deserves some consideration is the authority given to the Secretary in sections 8(b) and 8(c) to prescribe the styles and size of type of required labeling and to prohibit the use of packages which he believes are false or misleading. The type of size authority is not limited to the net quantity declaration, but instead extends to all required label statements. In this respect, the bill is contrary to the recently enacted Fair Packaging and Labeling Act, which authorizes type style and size regulation only with respect to the net quantity declaration. We know of no reason for entrusting the Secretary of Agriculture with this additional and unprecedented authority over every detail of label design.

I should add that all required labeling would be subject to a general requirement of conspicuousness and prominence as contained in the present act.

Finally, the provisions for prior approval of packages in sections 8 (c) and (d) would appear to be inconsistent with the provisions of the Fair Packaging and Labeling Act, which rejected the initial proposals of administrative specification of package size and shape. Other foods remain subject to the provision in the Federal Food, Drug, and Cosmetic Act that they will be deemed to be misbranded if the con-

tainer "is so made, formed, or filled as to be misleading." This same provision would be applied to poultry by section 4(h)(4) as added by the bill.

No evidence has been presented why poultry packaging should be subject to greater controls than the packaging of other foods and thousands of other consumer commodities. Industry must be free to develop new packaging techniques, free from the requirement of Government premarket approval. If in actual use a package is deemed misleading, then appropriate enforcement action can be taken.

I would like to express my appreciation to the committee for this opportunity to testify on this important legislation. If you have any questions, I will do my best to answer them.

Senator JORDAN. Thank you very much.

Senator BYRD?

Senator BYRD. Thank you, Mr. Chairman. I just want to say that his proposal seems fair to me, and an appropriate one which should be considered.

Mr. DUNKELBERGER. Thank you very much.

Senator BYRD. Thank you, sir. That is all, Mr. Chairman.

Senator JORDAN. Senator Young, any questions?

Senator YOUNG. I have no questions.

Thank you.

Senator JORDAN. Thank you very much.

We appreciate your testimony, and we are glad to have had you with us.

Mr. DUNKELBERGER. Thank you.

Senator JORDAN. Our next witness is Mr. Frank Frazier, executive vice president, National Broiler Council.

We are glad to have you back with us. We are always glad to see you.

Please give your name and whom you represent and the name of the gentleman accompanying you, for the record.

Mr. FRAZIER. R. Frank Frazier, accompanied by James F. Rill of Collier, Shannon and Rill, legal counsel, on behalf of the National Broiler Council, 1155 15th Street NW., Washington, D.C.

STATEMENT OF R. FRANK FRAZIER, EXECUTIVE VICE PRESIDENT, NATIONAL BROILER COUNCIL

Mr. FRAZIER. Mr. Chairman and members of the subcommittee, I am appearing in my capacity as executive vice president of the National Broiler Council. I appreciate this opportunity to present this statement on behalf of the council in support of the principles contained in H.R. 16363 which was passed by the House of Representatives on June 13, 1968. This bill represents a modification of the administration proposal which was introduced by Senator Ellender on February 2, 1968, and remains in most respects identical to it.

The National Broiler Council is an onprofit trade association representing all segments of the vertically integrated U.S. broiler industry. Its membership is comprised of firms producing and marketing approximately 65 percent of the broilers sold in the United States.

Inasmuch as meat-type chickens constitute the overwhelming preponderance of poultry volume presently and prospectively regulated by Federal inspection, sanitation, and labeling standards, some back-

ground of the industry as it relates to this Federal program may be useful.

INDUSTRY BACKGROUND

The importance of the inspection program to the broiler industry can best be demonstrated by the fact that in 1967, 2.3 billion broilers weighing an aggregate of 8.1 billion pounds were slaughtered under Federal inspection. By comparison, during the same year, 107 million turkeys weighing an aggregate of 1.9 billion pounds were slaughtered in federally inspected plants. Thus, broilers constituted nearly five times the tonnage and 13 times the birds subject to Federal inspection as turkeys. Statistics for 1967 also disclose that approximately 85 percent of all broilers slaughtered were slaughtered in federally inspected plants. Accordingly, we submit that by far the most direct and immediate impact of any amendments to the Poultry Products Inspection Act would be on the broiler industry.

Senator YOUNG. May I ask a question there?

Senator JORDAN. Yes.

Senator YOUNG. What is your reason for bringing the turkey argument in here? Do you have any specific purpose?

Mr. FRAZIER. Just to indicate the impact of the legislation on the broiler industry and the tremendous stake that the broiler industry has in the inspection program.

Senator YOUNG. Do you have any differences with the turkey industry?

Mr. FRAZIER. The turkey industry is affected by the same regulations under the act that we are.

Senator YOUNG. Do you have any differences with the turkey industry?

Mr. FRAZIER. Personally, I do not.

As is generally recognized, the broiler industry has been characterized by rapid changes since World War II and even since enactment of the Poultry Products Inspection Act of 1957. It is the youngest segment of American agriculture; the phase that has shown the most dramatic growth in recent decades.

From its infancy in 1934 when production was only 34 million birds, the broiler industry has not only grown more rapidly than any other phase of the poultry business, but its dynamic growth surpasses that of any other major phase of American agriculture.

The modern broiler industry really came into its own after World War II when production took off like a jet. In 1947, U.S. broiler production was 310 million birds. Last year, just 20 years later, the figure had skyrocketed to more than 2.6 billion. Americans are consuming over six times as much broiler meat as they did 20 years ago, and in the past decade alone, the per capita consumption of broilers has more than doubled.

Why did this happen?

What's back of this boom in the popularity of chicken?

Value is one important reason. Chicken prices averaged 41.3 cents per pound last year; 10 cents per pound less than 10 years ago—a significant savings to the consumer in face of today's rising food prices. But producing economically wasn't enough. To bring chickens to the forefront as a favorite food, our industry developed a better chicken, one that is tops in meatiness, taste appeal, and nutrition values.

To tell the story of how the farmer, the scientist, and the businessman teamed up to achieve this miracle in modern food production would take more time than is available today, but parts of this story have special significance to your consideration of amendments to the Poultry Products Inspection Act.

When the broiler industry was in its infancy 35 years ago, it was common practice to buy a live chicken and process it at home in the kitchen. So, during your lifetime and mine, this processing operation has shifted from the kitchen to modern food-processing establishments.

Back in 1957 when Congress passed the Poultry Products Inspection Act, the modern efficient plants of that day had succeeded in providing a "maid service" to the housewife that won her almost 100 percent to the eviscerated ready-to-cook bird. The broiler industry, feeling a deep sense of responsibility to the consumer, supported the passage of that legislation. When it was signed into law, the typical plant could process approximately 2,400 birds per hour, with an estimated output of 30 birds per man-hour. But in the past 10 years, increased automation has nearly doubled efficiency. This was made possible by the development or invention of new equipment for palletized coop handling; automatic killing; giblet pumping, skinning, chilling, and wrapping systems; continuous chilling systems; automatic sizing and weighing; automatic icing; automatic box closing; palletized and motorized handling of the finished product; and sanitary overhead conveyor systems. Each new equipment item, of course, had to meet rigid USDA requirements for sanitation, before it could be installed in plants.

Consequently, the technological advances which made possible the economies of scale so necessary to be competitive in operating federally inspected broiler processing plants were installed under the supervision of the inspection service to insure that sanitation and wholesomeness standards were satisfied. Any improvement in the inspection program, including its further extension, would not seriously disrupt the broiler industry. By the same token, in contrast with industries having processing facilities which have moved closed to the area of production they serve, the modern broiler processing plants, since they serve a young industry, were first established in production areas. Significantly, the scale economies described, produced an impetus toward larger processing plants, and this in turn produced an increased reliance on the Federal inspection program. Therefore, instead of 39 State inspection programs as was true for red meat, there are only two or three programs in the poultry industry. And the percent of young chickens moving through USDA inspected plants increased from 80 to 85 from 1960 to 1967, and the volume from 4,481 million to 8,168 million pounds during the same period.

Since broilers are raised in areas of concentrated commercial production some distance away from large population centers, it becomes necessary to cross State lines with a large part of the total production. In fact, to gain the efficiencies of modern plants, we find approximately 75 percent of their output is sold more than 200 miles from the point of slaughter.

Finally, by way of background; we submit organization, scientific, and technological developments pioneered by the broiler industry have been uniquely conducive to industry's ability to comply with an effective inspection program.

The teamwork of the farmer, the scientist, and the businessman was achieved through a system of vertical integration which progressed more rapidly in the broiler industry than any other phase of agriculture.

This not only provides an avenue for making the latest advances in pathology available to improve product wholesomeness, but it also makes possible safeguards to assure sanitation and disease control from hatching egg until the ready-to-cook chicken starts its journey through distribution channels to the consumer. In short, the key to offering the consumer wholesome chicken is to have healthy chickens delivered to the processing plant. And thanks to the teamwork mentioned, no animal in agriculture has a better health record than chicken.

Let us take a look for a moment at "NBC Objectives Regarding an Effective Inspection Program":

In our opinion, it is essential that in order for a poultry inspection program to be effective it must assure the consumer of a uniformly wholesome and properly packaged and labeled product from all sources and at all levels. The consumer is entitled to this uniform assurance whether the poultry is processed in a plant which ships in interstate commerce or solely intrastate. By like token, she should be assured that a product which is wholesome and properly labeled when it leaves the processing plant will be sustained in those conditions when it is purchased by her.

We cannot overstate the importance of uniformity of standards and their application to our objectives. We believe that processors which adhere to the high standards of wholesomeness, sanitation, and labeling prescribed by the Poultry Products Inspection Act should not be penalized competitively therefor. To the degree, if any, that such competitive imbalance exists, it should be eliminated by the application of the same standards to all poultry.

In accordance with this basic objective, key members of the National Broiler Council supported enactment of the Poultry Products Inspection Act in 1957. They agreed with the legislative finding in the act that markets for wholesome poultry products may be directly and adversely affected by the marketing of poultry products which do not meet established criteria for wholesomeness and that the public interest requires congressional action to prevent this result. Parenthetically, we are pleased to note that these same legislative findings would be preserved and expanded by H.R. 16363.

In 1957, it was believed that an appropriate avenue for eliminating the possibility of unfair competition between poultry which does meet high inspection standards and that which does not would be section 5 of the present act. Under this provision, the Secretary is authorized upon request from responsible State or local officials or industry groups to designate major consuming areas in which the sale of uninspected poultry may be inhibiting the free flow of inspected poultry so as to create a burden on the interstate shipment of inspected products. Should an area be so designated, the Secretary is authorized to apply the various requirements and exemptions of the act to poultry being sold therein as will best effectuate the purposes of the legislation.

Section 5 has never been implemented. Part of the reason for its disuse may stem from the requirement that action be initiated by local agencies or industry groups. On the other hand, when requests

have been made, the Secretary has declined to designate the area involved. Accordingly, it is incumbent on the industry in cooperation with the Government to evaluate and adopt new methods of securing the goal of uniformity. H.R. 16363 represents one such vehicle, and it is appropriate now to consider its provisions.

As we interpret H.R. 16363, it appears designed to accomplish three main objectives:

(1) The modernization of the Poultry Products Inspection Act to reflect changes in the Food, Drug, and Cosmetic Act, and the enactment of other Federal legislation affecting food since 1957; (2) the enlargement of the Secretary's power to administer and enforce the act through regulation of successive levels of distribution, initiation of seizure proceedings, and by other means; and (3) the establishment of uniform Federal standards of wholesomeness, sanitation, and packaging and labeling applicable to all poultry. As already indicated, and as will be more fully hereinafter developed, the National Broiler Council is in basic accord with each of these objectives.

At this juncture, however, it should be understood that the broiler industry does not apologize for the inspection program currently in effect. The industry has cooperated with the Government in the development, enactment, and implementation of this program, and we believe that the successful growth of the industry has been in large measure the result of this cooperation. Many, in fact most, of the standards of adulteration and misbranding which would be established by H.R. 16363 are already applicable to broilers shipped in interstate commerce under the Poultry Products Inspection Act. In fact, it is probably, in part, because the Poultry Products Inspection Act was passed in 1957, 50 years after the Meat Inspection Act, that so few changes are necessary to bring it up to date with other measures affecting food.

Certainly, there has been a reasonable amount of disagreement between the industry and USDA involving certain aspects of the inspection program, but this is only natural where an element of human judgment is involved, and this situation will probably not be changed by the adoption of amended act. In balance, over the decade since the act has been in effect, the areas of agreement have substantially outweighed the areas of disagreement.

It is commonplace, however, that there is always latitude for improvement, and the council seeks to cooperate in achieving an even better program.

(a) Modernization of PPIA to conform with other Federal food legislation. H.R. 16363 would establish 11 standards of adulteration and 12 standards of misbranding applicable to poultry products. Each of these definitions, with but one exception, is taken directly from a virtually identical definition in the Federal Food, Drug, and Cosmetic Act. The Poultry Products Inspection Act was itself tailored in many respects after the Food, Drug, and Cosmetic Act as it was in 1957. As a result, most of the proposed definitions are already included within the meaning of the terms, "unwholesome," "adulterated," or "misbranded," as they are used in the present act. The standards which would be added would simply reflect post-1957 amendments to the Food, Drug, and Cosmetic Act, and achieve further conformity therewith. We see no objection to this updating of the Poultry Products

Inspection Act. As a practical matter, such amendments will have very little impact on the poultry industry, since all products shipped in interstate commerce must presently comply with food and drug laws and regulations after they leave the processing plant. Thus, for example, application for poultry food additives are regularly filed and processed at the Food and Drug Administration. There is no reason why such regulations should not apply within the plant as well, nor why the Secretary of Agriculture should not possess express administrative and enforcement authority in this area. At the same time, we endorse, in the interest of uniformity, those provisions of H.R. 16363 which direct that there be maximum coordination between USDA and HEW where there is an overlap of authority.

Similarly, we see no objection to the authority conferred on the Secretary by section 8 of the proposal to establish uniform type sizes and styles. Although this authority is somewhat more extensive than that accorded the Food and Drug Administration with respect to other food products under the Fair Packaging and Labeling Act, the Secretary may already possess this authority under that provision of section 8 of the present act which permits him to prevent the use of any label which he believes may be false or misleading in any particular.

On the other hand, we are concerned by the provisions of section 4(h) (12) and section 8 of the proposal which may contemplate direct on-product labeling, at least as to the official inspection legend and official establishment number. Such labeling could be extremely costly and quite possibly would be less practical and informative than the container labeling which would also be required. In our opinion, if the Secretary is to be given authority to require on-product labeling, it is important that he be given clear, comparable authority to require that such labeling be preserved until the product is sold to the consumer. Otherwise, we can see no value whatsoever in direct product labeling. It may be that the Secretary does have the authority we suggest either under section 8 of the legislation—read in conjunction with section 4—or section 14 of the proposed amended act, relating to storage and handling regulations. But we think that this authority should be clarified by the committee, and that there should be no on-product labeling requirement unless the labeling is presented to the consumer.

(b) Strengthened enforcement power. A second major aspect of H.R. 16363 would be the significant increase in the Secretary's authority to administer and enforce the Poultry Products Inspection Act. Some of these provisions could be beneficial to the industry, while others are appropriate for effective administrative regulation.

We believe that the provisions of section 13 of the bill—amending section 14 of the act—are desirable to assure that the wholesome, properly packaged and accurately labeled poultry product which leaves the processing establishment will be maintained in that condition until it reaches the consumer. This provision, which apparently envisions the establishment of sanitary facilities and handling criteria, is to some degree in accord with authority currently in the process of being implemented by FDA under section 402(a) (4) of the Food, Drug, and Cosmetic Act.

It is also entirely appropriate, in our opinion, that the Secretary be granted authority to initiate seizure proceedings and in that con-

nection, to detain product which he has reason to believe is not in compliance with the act. Such power further safeguards the public health and eliminates one step from the currently existing procedure whereby the Secretary must apply to the Secretary of Health, Education, and Welfare for the commencement of seizure proceedings.

These comments do not relate to each of the provisions of the bill which would enhance the Secretary's powers of enforcement and administration, but only to those which are, in our view, most significant. With one exception, to be noted later, we are in fundamental agreement with each provision of H.R. 16363 which would improve the efficiency with which the act might be implemented.

(c) The establishment of uniform Federal standards of wholesomeness, sanitation and packaging, and labeling. The heart of H.R. 16363 is the effort, under section 5 of the bill, to encourage the States to adopt inspection, sanitation, and labeling programs which are in all respects "at least equal to" the Federal program, and to enforce these programs in a manner "at least equal to" Federal enforcement. At the heart of the National Broiler Council's objectives concerning an effective program is the achievement of uniform standards and enforcement applicable to all poultry from whatever source. It is evident that the Department of Agriculture and the sponsors of this legislation are of the opinion that uniformity can be attained through the exercise of responsible federalism. This is in the final analysis a political and constitutional question which others are more qualified to resolve than we.

Our goal is uniformity and absence of competitive discrimination, and we are eager to work closely with any government agency, national, State, or local, to achieve it. Nevertheless, we do believe that section 5(c) (5) of the administration's proposal, which was deleted by the House, could present very serious problems in lack of uniform inspection and other regulation for the broiler industry. Poultry shipped in interstate commerce should be subject exclusively to Federal inspection. Accordingly, we urge the subcommittee not to adopt a provision comparable to section 5(c) (5) of S. 2932 whereby nonfederally inspected poultry might enter channels of interstate commerce. We commend to those States seeking to play a role in the inspection system the provisions of section 18(b) of the present law which are preserved by the last sentence of section 5(a) (2) of the act as it would be amended by H.R. 16363. Under this provision, the Secretary may conduct inspection, examination, and investigation through State employees commissioned for that purpose. In at least one instance, this program has worked very effectively in the broiler industry.

We remain concerned respecting one other potential for lack of uniformity which might be possible under H.R. 16363. The Secretary is authorized by section 13(a) of the act as it would be amended by this bill to promulgate regulations governing the storage and handling of poultry products through successive levels of distribution. However, this authority shall not apply to establishments which are covered by the act solely because of purchases in commerce where the States implement storage and handling regulations in a manner which is adequate to effectuate the act's purposes. The need for uniform standards and uniform enforcement is as compelling with regard to storage and handling as with regard to any other authority con-

ferred by the legislation. We strongly support the Secretary's authority to insure that wholesome and properly labeled and packaged poultry will remain in those conditions until the consumer purchases them. This assurance should, however, be under uniform standards, and no part of the inspection program should be susceptible to misuse through the erection of artificial trade barriers. Accordingly, we recommend that the provisions of section 17 of H.R. 16363, adding a new section 23 to the act, be amended to add, after the word "packaging" in the second sentence, the following: "storage and handling." For the same reasons, we recommend that the third sentence of section 14(a) of the act as it would be amended by section 13 of H.R. 16363 be deleted.

I would like to make some additional observations:

We wish to invite the subcommittee's attention to certain other aspects of H.R. 16363. We were concerned with the breadth of the recordkeeping and maintenance requirement as it was drafted in section 11 of the original administration bill. These provisions were unduly substantial to accomplish the purposes of the act. To authorize the Secretary to require all persons subject to the act to prepare such records as will fully disclose all transactions in their business and to keep them for such period as the Secretary prescribes may result in burdensome procedures which could have little relation to the act's objectives. As this provision was amended by the House committee and passed by the House, the recordkeeping requirement is appropriately limited in scope and the retention requirement is limited in duration in a manner which will protect the public interest without unnecessarily burdening industry.

Senator JORDAN. Does the House bill contain that?

Does it meet with your approval?

Mr. FRAZIER. Yes, it would.

Senator JORDAN. Thank you.

Mr. FRAZIER. We recommend that section 11 of H.R. 16363 be retained by this committee.

Second, we approve the action of the House in imposing detailed reporting requirements on USDA as to the effectiveness of the Federal-State program similar to those present in the Wholesome Meat Act. We believe that in the interest of uniformity the Secretary should be required to review at least annually this aspect of the act, if it is adopted in its proposed form, and report thereon in detail to this committee and its House counterpart. We think, under the circumstances, that these committees and the industry are entitled to know the extent to which equality of standards and enforcement have been, and are being achieved.

We also believe that the procedures prescribed by sections 701 (e), (f), and (g) of the Food, Drug, and Cosmetic Act should apply to the Secretary's rulemaking procedures under the bill, at least where such procedures would result in the promulgation of substantive rules, having the force and effect of law. Because of the far-reaching impact of such regulations, we submit that full opportunity must be accorded affected parties to submit their views and obtain judicial review in the same manner as set forth in the above-cited provisions of the Food, Drug, and Cosmetic Act. Accordingly, we recommend that the

following language be added to section 14(b) of the act as it would be amended by H.R. 16363 :

Regulations promulgated by the Secretary under sections 4(g) (2) (D), 4(h) (10), 4(h) (12), 7(a), 8(a), 8(b), 11(b) and 14(a) of this Act shall be promulgated and shall be subject to judicial review, pursuant to the provisions of subsections (e), (f), and (g) of section 701 of the Federal Food, Drug and Cosmetic Act (21 U.S.C. 371 (e), (f), and (g).) Hearings authorized or required for the promulgation of any such regulations by the Secretary shall be conducted by the Secretary or by such officer or employee of the Department of Agriculture as he may designate for that purpose.

Senator JORDAN. Is that not the same language as Mr. Dunkelberger had in his testimony?

Mr. FRAZIER. This is an identical recommendation—I believe it is identical language.

Mr. JAMES F. RILL. That is correct.

Senator JORDAN. Thank you, sir.

CONCLUSION

In the interest of continuing to assure the consumer of a wholesome, properly packaged and accurately labeled product we endorse the principles of H.R. 16363. We applaud the extension of Federal standards to apply to poultry produced, processed, distributed, and consumed intrastate. We recognize further that the effort to update certain provisions and strengthen enforcement powers would improve somewhat what we consider to be an excellent poultry inspection program. We most strongly hope that this committee will see fit to approve this legislation, with the amendments we have recommended, in time for Congress to take final action this year, thereby assuring the consumer of a continued wholesome, nutritious product which is properly packaged and labeled.

Senator JORDAN. I do not believe I have any questions, Mr. Frazier.

I followed your testimony very carefully. You have a complete statement. We appreciate it very much. It will certainly be valuable in determining what to do with this bill.

We appreciate both of you being with us.

Mr. FRAZIER. Thank you very much.

Senator JORDAN. Our next witness is Mr. Marvin Johnson, president of the National Turkey Federation of Rose Hill, N.C.

We are coming into our own here, now.

I believe you have somebody with you, Mr. Johnson.

We are glad to have you with us here today.

Mr. JOHNSON. Mr. Miller, here, is our Washington representative.

Senator JORDAN. We are also glad to have you with us here today, Mr. Miller.

You may proceed, Mr. Johnson.

STATEMENT OF MARVIN JOHNSON, PRESIDENT, NATIONAL TURKEY FEDERATION, ROSE HILL, N.C., AND HERMON I. MILLER, WASHINGTON REPRESENTATIVE, NATIONAL TURKEY FEDERATION

Mr. JOHNSON. Mr. Chairman and members of the subcommittee, my name is Marvin Johnson, and I am a turkey producer from North

Carolina. I was born in a rural community around Rose Hill and have spent practically all my life there. When I was a boy, my father, Nash Johnson, was a farmer and hatcheryman. After graduating from Rose Hill High School and serving in the merchant marine, I started farming about like other farmers in the area—raising tobacco, strawberries, and other crops that grow well in the area. I also had a few turkeys. In 1955, we began to expand our turkey operations. In 1967, we produced 1.5 million head of turkeys and about 15 million broilers. The turkeys were marketed through an officially inspected plant at Raeford, N.C., and the chickens at Rose Hill. Both processing plants are jointly owned by ourselves and others.

I am also president of the National Turkey Federation, and I appreciate this opportunity to present this statement on behalf of the federation.

The National Turkey Federation is a nonprofit association representing turkey producers and other segments of the industry in the United States. Membership in this organization covers those who are responsible for the production and marketing of the major portion of the Nation's turkey crop. It is the only national turkey organization we have in the country.

The National Turkey Federation was organized in 1939. Directors from each of our turkey-producing States are represented on our board of directors. Our organization is unique in that it has such wide representation. Members work together in developing those programs which are in the best interests of the industry. There is no other nationwide organization of the turkey industry. Therefore, the National Turkey Federation is in a position to speak authoritatively for the industry.

Ours is a rapidly growing industry. In 1957, we produced approximately 81 million turkeys contrasted to a record crop of 126 million in 1967. Correspondingly, consumption has increased in the same period from 5.9 pounds to about 8.7 pounds per capita. Turkeys are marketed on a year-round basis throughout the United States and in foreign countries and the great efficiencies which have been developed have greatly benefited consumers and are providing them with a great value in a wholesome nutritious food product.

The National Turkey Federation's Board of Directors, at their annual convention in early January resolved to support legislation to expand poultry inspection to full coverage. The resolution is as follows:

Whereas the National Turkey Federation strongly supported the enactment of the Poultry Products Inspection Act under which consumers are assured the wholesomeness and proper labeling of all poultry products which bear the Federal inspection legend, and

Whereas 87 percent of all live poultry sold off farms is now subject to mandatory Federal inspection, and

Whereas the National Turkey Federation recognizes the desirability of extending Federal inspection to all poultry and poultry products to further protect consumers: Now, therefore, be it

Resolved, That the Poultry Products Inspection Act be amended to bring the remaining 13 percent of poultry sold off farms under the Federal inspection system.

The turkey industry and the National Turkey Federation have strongly supported the present poultry inspection system. Along with

other poultry groups, it was instrumental in getting legislation for mandatory poultry inspection about 10 years ago.

According to Department of Agriculture figures, about 94 percent of the turkeys sold off the farms are inspected under the Federal inspection program. A portion of the remaining 6 percent is represented by producers who process and sell, turkeys of their own raising, direct to restricted outlets as provided for by the present act. Most of them sell all or a major portion of their production directly to consumer outlets.

At this time, I have been asked to enter into the record a statement from the Northeastern Poultry Producers Council. They are from the northeastern part of the country. They have a few growers and processors.

Senator JORDAN. Would you like for the statement to be inserted in the record at this point or would you like to have it inserted following your statement?

Mr. JOHNSON. To follow my statement.

Senator JORDAN. It will be inserted in the record following your statement.

Mr. JOHNSON. Under section 15(a)(1) of the present law producers are given a limited exception. This authority to the Secretary to grant such exemptions would be deleted by S. 2932. By H.R. 16363, the bill which passed the House, an exemption for such producers would be permitted only for intrastate movement and only for limited volume which would be ineffective because it would be uneconomical.

Although our association supports full coverage, we recommend that the committee provide for an effective producer exemption under which the Secretary could permit producers to process their own products and market them directly under such standards as to assure a wholesome product. This suggestion is in accord with existing law which has demonstrated its workability.

The present poultry inspection system as it has been administered is widely recognized as being excelled anywhere in the world. The confidence it has helped to establish in poultry products has, we believe, contributed greatly to the increased use of poultry products both in domestic markets and for export. We believe that the worldwide recognition of this inspection system has been one of the strongest factors making it possible to secure and hold expanded export outlets in spite of attempts to curtail them through the use of economic tariffs or artificial health barriers.

We would strongly recommend amending the present poultry products inspection law to expand coverage to the remaining 6 percent not now being subject to it in the manner suggested by Senate bill S. 2846, introduced by Senators Williams, Aiken, Boggs, Byrd, and Tydings. With this same thought in mind, we stated in our testimony to the Subcommittee on Livestock and Grain of the House Committee on Agriculture on February 21, as follows:

With this observation and experience, we strongly recommend this committee extend coverage of the present law to the remaining 6 percent not now subject to it. This could best be accomplished, in our judgment, by extending the Poultry Products Inspection Act to cover this area. Any of the provisions of bills similar to H.R. 15146 (the Administration's bill) relating to extension of coverage beyond the plant, which the Committee believes desirable, could also be added as amendments to the present law.

In other words, we believe we should not run the risk of impairing a highly efficient program to encompass the remaining 6 percent by adopting an entirely new program with all the uncertainties. Instead, we believe we should extend the program now applicable to the 94 percent to the remaining 6 percent.

The extension of the present law to the remaining 6 percent, as suggested, would in no way prevent the Secretary of Agriculture from developing and carrying out a cooperative program with the states under which an appropriate state agency would be empowered with its own personnel to carry out the requirements of the Poultry Products Inspection Act. Section 18(b) of the present law clearly authorizes such programs and procedures including the authority to pay the entire cost of the program by the Federal Government if the Secretary so desires.

There will be no questions under this suggestions that the law and regulations which will be carried out at the state level with respect to intrastate products would be identical with the federal inspection program. It also would not be necessary for all the states to attempt to exact 50 separate laws and regulations or for the Secretary of Agriculture to have to attempt to harmonize these different laws with the federal regulations.

We were hopeful that the bill passed by the House would follow more closely the pattern of the Poultry Products Inspection Act which has demonstrated its value so well over the past 10 years. However, the bill reported by the House, H.R. 16363, did not follow the pattern of the present Poultry Products Inspection Act, but rather followed the Red Meat Act of 1967.

We would assume it is not the desire of Congress that those who have been operating under the present highly effective act should have to change their operations materially in order to comply with new legislation. There are some provisions in H.R. 16363, which we believe will require rather extensive changes in present operating procedures without any corresponding benefits to the public.

The first point to which I wish to direct the committee's attention is section 4, which is a new listing of definitions. The definitions stated in the present Poultry Products Inspection Act are incorporated into regulations promulgated under the act, in most cases verbatim, so to change the definitions just for some simple wording change will require a recasting of the regulations. This would have two disadvantages: first, it is costly to the Government and costly to industry; second, it would require that those who operate under these regulations and are familiar with definitions now being used, refamiliarize themselves with a whole new set of definitions.

Our problem is that this does not affect chickens as much as turkeys because chickens are packed many times in parts and almost all turkeys are packed in a polyethylene bag with the regulations on the bag and the branded inspection mark is on the bag. In our plant, we would have to have new plates made for all of the different brands and all of the different things under this change in the wording.

Senator JORDAN. You would lose all of the polyethylene bags that you have on hand, too.

Mr. JOHNSON. You would think that they would give us a chance to use the bags that we have in stock. It is pretty expensive. When you change the wording sometimes, you have to change the whole brand to make it look right and to blend in like it should.

We are particularly concerned with the elimination from the present law of the definitions for wholesome and unwholesome which would result from the adoption of H.R. 16363. H.R. 16363 substitutes for the concept of wholesome and unwholesome the concept of "adul-

teration" by incorporating the definitions of such terms within the definition of "adulteration." It is now inspected for wholesomeness. Poultry inspection is recognized as a program that inspects poultry products to determine wholesomeness. The word "wholesome" now appears on the official legend. The official inspection mark is in the form of a circle and contains therein the words "Inspected for Wholesomeness by the U.S. Department of Agriculture," and this, for 10 years, has appeared on all consumer packaged poultry products.

Senator JORDAN. That includes broilers and poultry both, with the same markings?

Mr. JOHNSON. Yes.

There are a number of implications of this change that concern us. One is the fact that the industry as well as the U.S. Department of Agriculture have expended substantial sums for educational programs identifying the meaning of this mark and emphasizing the term "wholesomeness" among domestic consumers and in foreign markets.

We export turkeys, and people in foreign countries have come to recognize this emblem as a Government-inspected product.

The apparently careful elimination of the terms "wholesome" and "unwholesome" and the substitution of the terms "inspected" and "passed," terms which have heretofore been used only in the Red Meat Act, leads us to the conclusion that the Department intends to abandoned completely the concept of "inspected for wholesomeness" and a shift to "inspected and passed" and to a change in the legend which appears on the poultry products consumer package. We believe such action to be highly undesirable. It could cause a change in all packaging materially and pose unnecessary costs and burdens on the industry. It would also be confusing to consumers and would probably require another 10 years of Government and industry expenditures to reeducate the public to the meaning of another term.

We, therefore, urge this committee, in any bill it reports out, to use the concepts and definitions of the terms "wholesome" and "unwholesome" as used in the present law rather than the term "adulteration" and "inspected and passed" proposed by H.R. 16363.

We also would recommend that the committee consider seriously our comment concerning the general redrafting of definitions which have no import other than just style or wording. No changes should be made in definitions unless they serve a real purpose.

Next, we should like to turn your attention to section 8 of H.R. 16363. This section deals with labeling requirements. We suggest the use of section 8 from the Poultry Products Inspection Act in place of that suggested in H.R. 16363. This has several advantages.

First, section 8 of the Poultry Products Inspection Act clearly defines the requirements of labeling, whereas the provision contained in H.R. 16363 requires that a determination be made as to which parts of section 4(h), H.R. 16363, a description of misbranding, shall be on labels. This is a lengthy definition and contains many negative statements. Certainly, Congress does not intend that negative statements be used on labels for poultry products.

Second, H.R. 16363 would require duplicating the same information on both the immediate container and shipping container. Under the present act, the inspection legend and official establishment number is required on the shipping container. While on the immediate con-

tainer, the container which reaches the consumer, in addition to these two items, there must be the name of the product, its net weight, the name and address of the processor or distributor, and a declaration of ingredient content. We feel that the requirement to include all of this information on shipping containers will accomplish no purpose and will be unnecessarily costly to the industry. Processing plants have shipping containers in which they may ship a variety of consumer-packaged products. These shipping containers would have embossed upon them the plant number and inspection legend. If this requirement in section 8, H.R. 16363, becomes law, the processor would have to maintain an inventory of shipping container labels or an inventory of shipping containers for each type of product shipped.

You understand what I mean?

Senator JORDAN. Yes. I think I understand it.

Under the present act, the inspection and the legend are required on the shipping container.

Mr. JOHNSON. That is right; yes, sir.

Senator JORDAN. In other words, you have an inspection number for your processing plant?

Mr. JOHNSON. The plant number; yes, sir.

Senator JORDAN. That is designated on the container that you use for shipping?

Mr. JOHNSON. That is right.

Senator JORDAN. What do you have to put on the package that goes on the counter which the consumer purchases? What does the law require you to have on it now?

Mr. JOHNSON. Mr. Miller can give us the exact wording.

Mr. MILLER. In addition to having the official inspection legend, which is on the shipping container, and the plant number, which is on the container, it has to have the name of the product, like "frying chicken" or "turkey," the name and address of the packer or the processor or the distributor, the net weight, and if it is made up of more than one constituent—in other words, it has to have a statement of the ingredients. That is the requirement.

Senator JORDAN. That is required under the present Labeling Act?

Mr. MILLER. Yes.

Senator JORDAN. You give the size and the weight and the contents.

Mr. JOHNSON. It would have giblets, and what not, with the turkey, for example.

Senator JORDAN. What is your recommendation? That this procedure be carried on just as it is now?

Mr. JOHNSON. Just as it is, except that we do not have to put this information on the outside container.

Senator JORDAN. The shipping case?

Mr. JOHNSON. On the shipping case; yes.

Senator JORDAN. You would only have the inspection number and what it contains?

Mr. JOHNSON. Right.

Senator JORDAN. Thank you.

Do you have any questions at this point?

Senator BYRD. Only one comment, Mr. Chairman: At the top of page 9, there is a lot in what Mr. Johnson has said, that no changes should be made in the definitions unless they serve a real purpose. I

just want to comment affirmatively in regard to that statement. It seems to me that it is undesirable to make changes unless some real purpose is served by the changes.

I have no further comments.

Senator JORDAN. Thank you. You may proceed, Mr. Johnson.

Mr. JOHNSON. We always question the necessity for providing authority to prescribe the styles and sizes of type to be used with respect to material incorporated in labels. We believe that provisions of the present law are entirely adequate which prohibit false or misleading labeling.

Senator JORDAN. Let me ask a question at that point.

Your labeling is in sufficient type size so that I can read it with specs on?

Mr. JOHNSON. Yes, sir.

Senator JORDAN. Once in a while you buy something that I do not think anyone could read, not even with a magnifying glass.

Mr. MILLER. May I comment there?

Senator JORDAN. Yes. I am talking about chickens, now.

Mr. MILLER. There are five or six things that are required. The regulations say that the type size must be legible. This is a determination that has to be met.

There are places where they say, like in Canada for example, that the size of type must be one-half inch, eight-sixteenths. We have had some exports to Canada where the product has been printed with seven-sixteenths of an inch type instead of eight-sixteenths, and they said it was not legible, because that type was not large enough. Everybody in the room could read it, but it was not large enough, according to the rule.

This is the thing that you get into, if you have a specific requirement on the type size.

Mr. JOHNSON. I might add that Mr. Miller was in charge of the Poultry Inspection Act from the time it was formed until last January when he was retired from the U.S. Department of Agriculture, and we hired him. So, he should know what he is talking about.

Senator JORDAN. Thank you. You may proceed.

Mr. JOHNSON. In closing, Mr. Chairman, and in addition to the more specific comments made, we would oppose action to retain section 5(c)(5) which is contained in S. 2832, but which was deleted by House action from H.R. 16363. We also wish to emphasize that State participation for extending the inspection program to cover the 13 percent not now covered be encouraged through the provisions of section 18(b) of the present Poultry Products Inspection Act. We also would object to the use of import requirements as set forth by section 17 of S. 2932. This section is handled to our satisfaction by H.R. 16363 which made no change in the present act.

In conclusion, we do want to affirm the position of the National Turkey Federation in desiring to provide the consumer with wholesome turkey and turkey products. The present Poultry Products Inspection Act is a sound and workable law. We know this through 10 years of practical experience. In extending inspection to the very small amount of turkey not now covered, we hope the committee will take the necessary steps to amend this act to further serve the best

interests of the industry and the consumer. We appreciate very much the opportunity to present the views of the National Turkey Federation.

(The statement of the Northeastern Poultry Producers Council, submitted by Mr. Johnson, is as follows:)

STATEMENT OF ALBERT J. RUSSO, PRESIDENT, NORTHEASTERN POULTRY PRODUCERS COUNCIL, HOPE VALLEY, R.I.

My name is Albert J. Russo. I reside in Hope Valley, Rhode Island, where I am engaged with my father and two brothers in the operation of Chickadee Farms, Inc. We have a flock of over 40,000 laying hens producing table eggs, a large flock of breeder hens producing hatching eggs and raise several thousand broilers, capons and turkeys each year. We operate a processing plant for the table eggs; also a dressing and further processing plant for the meat birds. We market, mostly at retail, all our own production of eggs and meat, operating seven refrigerated store-door trucks over a dozen retail routes each week.

The Northeastern Poultry Producers Council, more commonly known as "NEPPCO", is a voluntary, non-profit trade association representing all facets of the poultry industry in the 14 state area encompassing Maine, Ohio, West Virginia and Virginia. I am currently serving as the elected president of NEPPCO and am presenting this statement for and on behalf of its members.

Many of our producer members slaughter and dress their own poultry for sale direct to consumers in their immediate areas. In our organization we also have over 100 turkey growers, practically all of whom slaughter and retail locally the birds they raise. In fact, I believe the Northeastern states we represent have more of these small producer-processors than any other area of the nation.

NEPPCO was one of the poultry organizations that worked for the passage of the Poultry Products Inspection Act of 1957. Today, as in 1957, we believe it to be the industry's responsibility to insure by every means at its disposal that all poultry and poultry products offered for sale for human consumption be wholesome and unadulterated. As we understand the several bills being considered by the Subcommittee, they, too, have that as their basic objective.

We are concerned, however, with some of the provisions of Section 14 of H.R. 16363 which would amend Section 15 of the Poultry Products Inspection Act (21 U.S.C. 464).

In its consideration of H.R. 16363, the House of Representatives, and particularly its Committee on Agriculture, recognized that to achieve the purposes of this Act (Sections 2 and 3) it would not be feasible nor necessary to require physical inspection (ante or post-mortem) of every carcass produced, processed and sold for human consumption. For small producer-processors, such as I previously described and of which I am one, adequate protection of the health and welfare of consumers could be insured through enforcement of sanitation requirements by periodic inspection of both product and premises. Accordingly, the House Committee on Agriculture provided in Section 14 of the Act for exemption of certain small producers and the poultry products they produce from the provisions of H.R. 16363. In doing so, however, the qualifications for exemption were made so restrictive that in our opinion none of those whom Section 14 is intended to help can qualify for exemption.

For example, Section 14(c)(i) requires that to be exempt from the provisions of the Act, the poultry producer:

1. Must raise the poultry on his own farm;
2. The wholesale dressed value of such poultry which he slaughters on his farm may not exceed \$15,000 during the calendar year;
3. That he does not buy or sell poultry products not produced or grown on his own farm;
4. That none of the poultry he produces and processes on his own farm moves in interstate commerce;

We have no objections to points 1 and 3, but we should like to address ourselves to the restrictions imposed by points 2 and 4.

WHOLESALE DRESSED VALUE

The average wholesale dressed price for 16 to 20 lb. tom turkeys for the full calendar year of 1967 as quoted in the "Urner Barry Annual Price Review of 1967" was 31.39¢ per lb. Using the average weight for the type of turkeys grown in the Northeast, that means that a farmer with 2,650 turkeys could qualify for the \$15,000 exemption, but one with 2,800 could not.

However, the actual wholesale price for fresh killed and dressed turkeys as reported to NEPPCO by NEPPCO turkey grower members themselves for last "season" (Nov. 1 through Dec. 31, 1967) was 44.9¢ per lb. Using that figure and the same average weight per bird, a farmer could not have raised more than 1,850 turkeys to qualify for the \$15,000 exemption.

We contend that no family farmer could support himself, let alone a family, on the income from 1,850 or even 2,650 turkeys a year. The average number of turkeys grown annually by family type producers in the Northeast who depend solely on turkeys for their income is 10,000 to 15,000 birds. Their gross annual income from these birds ranges from \$70,000 to \$100,000. It should be pointed out, though, that some of these birds are sold live at both retail and wholesale prices, some are sold "fresh dressed" at both retail and wholesale, and some are sold "frozen & eviscerated" at both retail and wholesale.

That points up the problems that will be encountered in computing all birds sold in terms of "wholesale dressed value" as provided in Section 14(c)(i). What is "wholesale dressed value"? Indeed, our own figures quoted above could be questioned depending upon by whom and how the term is defined or interpreted. Does a producer use the price he received for one lot of dressed birds sold at wholesale and apply it to all birds sold in the year? Or does he use a certain USDA price report? Or the Urner Barry "Producers Price Current"? Or some auction? Or the prices reported by his state agency?

It is our contention that the exemption should be based on gross annual dollar income from such poultry as the producer raises, slaughters, processes and sells. Furthermore, we feel such limitation should be at least \$75,000. This would exempt small, family type producers who annually raise less than 10,000 turkeys.

We, of course, have not touched upon broilers and we would like to mention why. Well over 90% of the broilers grown in this country are grown on contract. The grower raises the birds for an integrator who owns the birds and who processes and markets them. Of the very few independent broiler growers still in business, only a fraction process and market their own production. Most sell their birds to dressing plants that are already federally inspected. We feel, therefore, that the fears expressed by Congressman Purcell in his colloquy on the floor of the House on June 13 when he replied to the amendment of Congressman Chamberlain raising the \$15,000 exemption limitation to \$100,000 are unfounded. There simply are no large flocks of broilers left in this country that are slaughtered and processed on the farm.

Congressman Purcell and several of his colleagues also voiced concern on the House floor that to raise the exemption above the present \$15,000 limitation would defeat the purpose of the Act by allowing too large a volume of poultry to be sold uninspected. It is our contention that such concern is also unfounded. Northeastern turkey growers ask and receive premium prices for their locally-grown and freshly dressed birds. Housewives will by-pass attractively packaged, federally inspected turkeys when doing their weekly grocery shopping in the supermarket to drive out of their way and pay a premium price for these locally-grown, freshly dressed birds. It follows, therefore, that Northeastern turkey growers would be out of business in a hurry if they sold anything less than the most wholesome of product or relaxed their strict quality control procedures at any point in the production or processing of their products.

INTERSTATE COMMERCE RESTRICTION

It is difficult for us to understand why a geographic limitation on sales was included in the Section 14(c)(i) exemption. If it is agreed that producers of a certain size or less are to be exempted from the Act, what possible effect would it have on the purpose of the Act—i.e. of insuring consumers of a wholesome, unadulterated product—if his exempt birds are sold on one side of a state line or another? This is a federal law and, while it provides for federal-state cooperation, all states will have to pattern their own laws after it or eventually be subject to federal jurisdiction.

We have many small states in the Northeast and many small producer-processors who live near state lines. In my own case, my farm is just 4 miles from the Connecticut line. I currently operate retail routes in Connecticut and Massachusetts, no point of which is over 90 minutes by truck from the farm.

We respectfully request therefore that the Subcommittee amend Section 14 (c) (i) by deleting the following:

"Provided further, That none of such poultry moves in commerce (as defined in section 4(a) of this Act)."

In conclusion, I should like to point out to the Subcommittee that the reason neither I nor any of the other producers we contacted could be present to testify in person at the July 1 and 2, 1968 hearings on this legislation, is that we are all extremely busy with last-minute poultry and turkey dressing and delivery operations for the Independence Day holiday on July 4th. Speaking on behalf of all my colleagues in the Northeast, many of whom expressed regrets at not being able to be present, I respectfully request the Chairman and the Subcommittee to hold the record of this hearing open until July 15 in order to give the many others who desire to express an opinion on this legislation the opportunity to submit statements for the record.

Thank you very much for this opportunity to express our views on this important legislation.

Senator JORDAN. Thank you.

Senator Byrd, do you have any questions?

Senator BYRD. No question, Mr. Chairman.

Senator JORDAN. I want to commend you for a very fine statement, Mr. Johnson.

You have brought out some very sensible suggestions, with which I am sure Senator Byrd thoroughly agrees. I see no reason to be changing some of this just to change it. Certainly, it is fine information.

Thank you very much.

Mr. JOHNSON. Thank you.

Senator JORDAN. I hope that your turkey crop is doing all right down in North Carolina.

Mr. JOHNSON. It is doing real well.

Senator JORDAN. Our next witness is Mr. Vic Pringle, Institute of American Poultry Industries, Broadway, Va.

We are glad to have you with us.

Senator Byrd?

Senator BYRD. May I make a comment at this point?

Senator JORDAN. You certainly may.

Senator BYRD. I just want to say that Mr. Pringle is one of the outstanding citizens of our State. He is general manager of the Rockingham Poultry Marketing Cooperative in Broadway, Va., in Rockingham County. Rockingham County is one of the great poultry-producing areas of the Nation.

I have known Mr. Pringle for many years. He is held in very high regard throughout our State.

I am delighted that he is appearing before the subcommittee today to give the subcommittee the benefit of his views, because he knows this subject so very well.

The second thing that I want to say, Mr. Chairman, is that I am a member of another committee which is meeting simultaneously with this committee. We are dealing with some complicated legislation affecting a good many of our citizens in this country. We may be voting in a little while, so I may not be able to stay throughout the entire session, but I wanted to let the chairman and the committee know why I have to leave.

I, again, want to welcome Mr. Pringle to the committee.

Senator JORDAN. Thank you, Senator Byrd.

Senator Byrd is a very able and dedicated member of this Agriculture Committee and spends a great deal of time working on its problems, and we have many of them. His help and advice is most welcome.

We are delighted to have you here today, Mr. Pringle, and to have you introduced by Senator Byrd.

You may proceed.

STATEMENT OF VIC PRINGLE, INSTITUTE OF AMERICAN POULTRY INDUSTRIES, BROADWAY, VA.

MR. PRINGLE. I am Vic Pringle, general manager, Rockingham Poultry Marketing Cooperative, Broadway, Va. I have on my left Mr. Joseph Parker, who is legal counsel for the Institute of American Poultry Industries, and Mr. Lee Campbell who is the Washington representative, in its eastern office here in Washington.

I am presenting this statement on behalf of the Institute of American Poultry Industries of which I am a member of the board of directors and the executive committee. I am immediate past chairman of the board.

The institute is a nonprofit national association, representing all segments of the poultry and egg industries. Our members process and market the major share of the Nation's chickens, turkeys, ducks, and other poultry. In addition our membership includes producers, breeders, hatcherymen, and allied interests.

The institute was organized over 40 years ago and has been a leader in improving poultry products for the consumer.

We support the basic objectives of the four bills pending before the committee which would extend the poultry inspection program to the comparatively small volume of product not now subject to Federal inspection. The institute adopted a resolution at its last board meeting which I would like to read—

And these four bills we have referred to by numbers, to keep my own mind clear, reference has been made to them as the Williams, et cetera, bill which is S. 2846, the Mondale bill, which is S. 3383, the Ellender bill which is S. 2932, and the House-passed bill, S. 16363.

The institute's resolution reads as follows:

Whereas, the Institute of American Poultry Industries supported and urged the enactment of the Poultry Products Inspection Act in 1957 under which consumers are assured that all poultry moving in interstate commerce is inspected for wholesomeness;

Whereas, 87 percent of all poultry produced commercially in the United States is now federally inspected;

Be it resolved that the Federal Poultry Products Inspection Act be amended to close the gap which now exists and to extend inspection to the remaining thirteen percent not now subject to federal inspection so that consumers may be assured that all poultry commercially produced in the United States will be inspected under the same high standards provided under the Poultry Products Inspection Act.

The insitute, and the industry it represents, has a long record in support of adequate inspection of poultry in order to give every assurance to the consumer of the wholesomeness and high quality of poultry products. We are proud of that record.

Senator JORDAN. I notice in your resolution you speak several times of wholesomeness.

Do you think that is an effective labeling, that it is not necessary to be changing that word to some other word?

Mr. PRINGLE. I think it would be highly detrimental to change it at all. We spend 10 years in educating, not only our own Nation but exporters. Our exports go to better than 20 countries, and they look upon that and recognize that label as being something worthwhile, and to change it, I think, would be disastrous.

Senator JORDAN. I am glad to have your testimony to that effect, because Mr. Johnson was very strong on that.

Mr. PRINGLE. He is quite right.

Senator JORDAN. In that respect. I think I concur wholeheartedly in your approach to this. I am sorry to have interrupted you.

Mr. PRINGLE. That is perfectly all right.

There is no question but that ours has been a forward-looking industry giving the consumer exceptionally high quality product at prices which every consumer will admit represents perhaps the greatest food buy in America. As a result, poultry has been one of the fastest growing food items in the United States.

In 1950 the institute, aware of the desirability and necessity of a Government inspection program to give the consumer the protection and assurance she desired when purchasing processed poultry products, worked closely with the U.S. Public Health Service. Conflicting requirements among different localities were already creating interference with the movement of poultry products, and both the industry and the consumers were facing the prospect of costly and unnecessary barriers to trade. As a result of collaboration with Public Health and the Department of Agriculture, a model, uniform ordinance was developed for use by the States.

It became readily apparent, almost before the ink was dry, that it would not be possible to bring about a mandatory, uniform poultry inspection system in this manner. Our efforts then were directed to the development of a Federal mandatory inspection system.

Our board of directors at that time, supported by over 95 percent of our membership, unanimously adopted a resolution favoring the mandatory Federal inspection of all poultry products.

The Agriculture Committees of the Senate and the House, with the support of the institute and the poultry industry generally, developed and enacted in 1957 the Poultry Products Inspection Act. Under the legislation there has been developed an inspection system for poultry and poultry products which is by far the finest in the world and about the only place in the world that I know of that has one. Under it, every consumer is assured that poultry bearing the Federal inspection legend is wholesome and that the label is truthful.

It is evident that the present Poultry Products Inspection Act is providing the consumer with proper protection. The only problem is that it does not presently extend to intrastate products except through designation which requires local action before it can be brought into play.

Our main objective here today is to support the extension of this Federal inspection program to the remaining 13 percent not now subject to mandatory inspection under that act, even though the

present law authorizes the designation of major consuming areas upon application of State or local officials or local industry groups. In supporting the extension of inspection to the product not now covered, we urge this committee to choose a means which will build on and not impair the present Federal program and which will provide a single uniform system applicable to all poultry. In this manner you will give the consumer maximum protection and assure the industry uniformity in both program verbiage and application. There are four bills. We hope that the committee will select the best of each of these.

The present Poultry Products Inspection Act authorizes the Secretary of Agriculture to cooperate with State agencies and to conduct inspection through any officer or employee of a State. Therefore, if the present Federal act were merely amended so that it would be applicable to poultry which affect interstate commerce as well as that which is in interstate commerce—as is proposed in S. 2846—a Federal-State program could be carried out under a single uniform standard which could be administered and supervised in a manner to give the consumer the highest protection and which would avoid the risk of lack of uniformity and all of the problems corollary therewith. This would indeed give the consumer the strongest and best protection insofar as inspection of the product for wholesomeness is concerned. It should be pointed out that the use of the commerce power through this suggestion is the same use of the commerce power as employed by S. 3383, S. 2932, and the House-passed H.R. 16363 which require the States to legislate programs equal to the Federal program or otherwise submit to the Federal program.

The theory of S. 2932 and H.R. 16363 would require inspection of the remaining 13 percent of the poultry by compelling the States to enact legislation equal to the Federal standards within a certain period of time or to come under inspection by the Federal Government. S. 3383 would extend Federal inspection to intrastate shipments but would authorize the Secretary to exempt any State upon request of the Governor if such State has in effect a State law equal to the requirements of the Federal law. Under any of the bills it is contemplated that the Federal standard would be employed. The principal difference is one of procedure for assuring uniformity of application of inspection. Under S. 2846—and experience has demonstrated the feasibility of such a program—a remedy is directly available to obtain proper and uniform application of inspection at any plant and at any given time. On the other hand, under the other bills it will not be easy to determine whether the Federal criteria are being employed at all times and on a uniform basis. We feel this to be true even though the House, in H.R. 16363, did incorporate annual reporting requirements by the Secretary to Congress. If it is determined by the Secretary of Agriculture that the criteria are not being followed, his remedy cannot be directed at the offending inspector or inspectors but he must resort to requesting corrective action by the State, and failing that, he must withdraw the program. Withdrawal of the entire system for any one State would admittedly be a difficult decision for any Secretary of Agriculture.

The reason why we have felt it desirable to point up the need for uniformity is that we believe it is necessary if we are to assure consumers of the benefits intended by the legislation. Of equal importance is the severe competitive advantage or disadvantage which results if

the inspection program is not applied uniformly and equally. Experience has demonstrated that it is extremely difficult to achieve a reasonable degree of uniformity even when inspectors are operating under the same provisions of law and under the same regulation and answerable to the same boss. This is because of the judgment and discretion which must necessarily be invested in the inspector and which cannot be precisely detailed in regulation or instructions. Close and constant supervision, under a single program, we believe, is necessary to achieve uniformity. Under S. 2932, S. 3383, and H.R. 16363 there is no administrative line of authority to achieve this result.

During hearings before the House committee considerable discussion centered around Federal-State relations in this area. This subject was perhaps more important in meat inspection than it is in poultry inspection.

Few States have mandatory poultry inspection laws. Only two have elected to set up cooperative agreements with the Department of Agriculture under section 18B of the Poultry Products Inspection Act. While there has been one request, it should not be documented, and I will therefore eliminate the next sentence which reads: "No state authority has ever requested an area designation."

S. 3383 handles this problem in a stronger way than S. 2932 or the House-passed bill. In that case all poultry would be subject to Federal inspection. The Secretary then would be permitted to exempt States as they establish proper inspection programs for product to be sold wholly within the State.

In addition to the establishment of multi-inspection programs at State and local levels to function alongside the Federal inspection program, section 5(c)5 of the original House bill and S. 2932 authorize poultry products processed under these multi-inspection programs to be eligible for movement in interstate commerce upon the same basis as federally inspected product by carrying a State-Federal inspection mark. As we have indicated, we do not believe that procedure would provide for the necessary control of inspection to assure such uniformity and effectiveness to give consumers the assurance which they may demand or to give to industry the assurance of uniformity and equality of inspection necessary to prevent competitive inequities. We commend the House for leaving out that provision in its bill, H.R. 16363.

Nevertheless, if the committee should adopt a program which would provide for multi-inspection programs as provided by S. 2932, including the provisions of section 5(c)5 which permits interstate shipment, we believe it necessary for the bill to make it clear that a plant presently under Federal inspection, but located in a State which establishes a State system as provided in this bill, will have the election of operating under the State system if it so desires.

We fail to see what is accomplished by changing the definitions in section 4. Apparently this was included in S. 2932, S. 3383, and the House-passed bill because these same definitions were developed for the Wholesome Meat Act. The Poultry Products Inspection Act, unlike the Meat Inspection Act, is a modern act. The definitions in it were developed after careful consideration by the Department, both Houses of Congress and the industry—developed for poultry and poultry products. There is no need for a change now just to make them read like the new Meat Act.

It is interesting to note that though the House-passed bill, H.R. 16363 is called the Wholesome Poultry Act, the entire concept of wholesome and unwholesome contained in the PPIA has been taken out. S. 2846, we believe, properly leaves definitions unchanged.

During the consideration of this legislation in the House there was much concern about the matter of exemptions for certain small farmer producers. The simple answer, we believe, is to retain subparagraph (1) of section 15(a) of existing law.

This section which would be retained is not a complete exemption. It would enable the Secretary of Agriculture to establish whatever sanitary standards, practices and procedures he may determine are necessary for poultry producers with respect to products of their own raising which they sell directly to household consumers or restaurants, hotels, and boarding houses for use in their own dining rooms or in the preparation of meals for sales direct to consumers only.

It would enable the Secretary to establish inspection procedures for the type of operations conducted instead of having to apply all the regulations applicable to large volume operators.

It would not remove or affect the provisions of section 16 which require that such product be wholesome and not adulterated and which makes it a violation of law, subject to the criminal penalties of section 12, to market or distribute any unwholesome or adulterated product.

As testimony before the House and this committee reflects, there are also a number of problems in section 4(h) of H.R. 16363 and similar bills. Here again terminology and practices in the meat industry were adopted. Examples include: the use of the term "inspected and passed"—a meat inspection term—instead of "inspected for wholesomeness"—a phrase used in the poultry inspection legend and recognized by consumers the world over—the requirement that the inspection legend be placed "directly thereon" the product; and the requirement that the same information be placed on both the shipping container and the immediate container.

We believe, too, that the incorporation of parts of the fair packaging language, and some cases additions to it, is not needed. The present act gives the Secretary complete authority to prevent the use of any label which is false or misleading, to prevent unsafe packaging materials, to prevent any untruth in packaging or product. The Poultry Products Inspection Act already has had its own truth-in-packaging section for over 10 years and one that has worked extremely well in protecting the consumer.

Senator JORDAN. May I ask a question at that point?

Mr. PRINGLE. Yes.

Senator JORDAN. Meat is labeled on the meat itself; is it not?

Mr. PRINGLE. Yes.

Senator JORDAN. It is stamped on the meat?

Mr. PRINGLE. Yes.

Senator JORDAN. In some kind of blue ink.

Mr. PRINGLE. It is a vegetable ink that is used.

Senator JORDAN. It is not contemplated that you do that on chickens?

Mr. PRINGLE. You cannot do it. We have tried to do it for years.

Senator JORDAN. If you did, you could not read it.

Mr. PRINGLE. You could not read it; yes.

Senator JORDAN. It would not be legible; it would be too small.

Mr. PRINGLE. Your meat carcass, a whole carcass, comes from a big animal.

Senator JORDAN. I have seen it.

Mr. PRINGLE. And when that is set up in the store for sale, most of it is gone—I mean, you can see occasionally the labeling on the end, but that meat also is dry. And most of your poultry products are not.

Senator JORDAN. I do not think it would be possible to label poultry. It might be on the breast of a large turkey, but I do not think that otherwise it would accomplish much.

Mr. PRINGLE. And even then it would not work. There was a time some time back when we used a metal piece and clipped it to the wing, but that did not serve the purpose, because approximately 50 percent of the chicken was sold in the stores in cut-up form anyhow, and if you had a tag on only one wing, the rest of the animal was not identified.

Secondly, there were several very disastrous difficulties that arose due to this little metal clip not being removed—the family did not see it; they cooked the chicken and somebody ate it and broke a tooth on the metal piece. I did. That is not practical, either.

In a consumer package that goes directly to the consumer, pre-packaging in the plant, all of that mandatory labeling, and so forth, is on the package. It is not necessary to have it on the bird.

Senator JORDAN. Thank you. You may proceed, sir.

Senator JORDAN. Thank you. You may proceed, sir.

Mr. PRINGLE. Section 16 of S. 2932 and section 17 of S. 3383 would amend the provisions of existing law with respect to imports by substituting the provision of the red meat inspection law. The House deleted this section and we urge that this committee omit this section and retain existing provisions of law. Presumably it was included in the above bills because of the provisions in the red meat inspection law. Because of the heavy imports of red meat and the desire to curtail such imports there may have been a valid basis for the inclusion of such a provision in that act. The same situation does not exist with respect to poultry. Only limited amounts of poultry products are imported, or are likely to be imported, into the United States. The present provisions of law applicable to poultry imports are generally the same as those applicable to all other food products and have proven entirely adequate for the protection of the public. The poultry industry has great potential for exporting poultry products and is actively engaged in conducting market development programs in cooperation with USDA to develop and expand export markets for U.S. poultry. This section, if added to the Poultry Products Inspection Act, might be seized upon by foreign countries as an excuse to create new barriers against U.S. poultry under the guise of health measures. This would adversely affect our poultry producers and our balance-of-payments position. We strongly urge, therefore, that this section not be included in any bill which this committee reports.

S. 2932, S. 3383 and H.R. 16363 would grant to the Secretary of Agriculture the authority to deny inspection to any applicant because he deems such applicant unfit by virtue of conviction of certain viola-

tions of law which may or may not have involved any intentional violation or which may have been the result of activities unrelated to the production, processing, or marketing of poultry products. While we do not condone any of the activities specified therein, we believe that the punishment to be provided for such activities should be decided by the courts under appropriate provisions of law and not made subject to additional punishment through administrative action in the form of denial of the right to engage in business through the denial of inspection. This section singles out the poultry industry and subjects it to a type of regulation not generally applicable to the remainder of the food industry. We do not believe that any showing has been made which would warrant this section being applied to the poultry industry. We think that this provision establishes a dangerous precedent by empowering an administrative agency to determine fitness to engage in commercial business. We hope the committee will carefully examine the need for this section.

Senator JORDAN. Is that included in H.R. 16363?

Mr. PRINGLE. I think it is included in all three of them.

Senator JORDAN. It is in all three of them? Go ahead, sir.

Mr. PRINGLE. Section 18 of S. 2932 and section 17 of H.R. 16363 have the effect of redesignating section 19 of existing law as section 25. This section is the provision of law which directs that the cost of inspection be paid from appropriated funds, since this is a consumer protection measure. By changing the number of 19 to section 25, it has the effect of excluding it from the scope of section 5(c)1 under which the Secretary is required to see that the States have requirements at least equal to the Federal law and regulations. It is important, we believe, that States be required to supply their share of the cost from appropriated funds as a condition to participation in the program, if the committee decides to follow the approach of S. 2932 or House bill 16363.

The provisions of section 24(a) of the House-passed bill appear to contain an inconsistency in that poultry and poultry products are exempted from the provisions of the Federal Food, Drug, and Cosmetic and the exception provides that the provisions of the act shall not derogate from any current authority conferred by the Federal Food, Drug, and Cosmetic Act. The result of this will be to create duplication of authority and undoubtedly additional cost.

In view of the inclusion of many provisions of the Federal Food, Drug, and Cosmetic Act in H.R. 16363 and similar bills, should the committee adopt such provisions, we would recommend that the procedures provided by sections 701 (e), (f), and (g) of the Federal Food, Drug, and Cosmetic Act also be adopted so that the rulemaking procedures established under the act would be applicable to regulations issued under the authority of S. 2932, S. 3383, or H.R. 16363 should either bill become law.

In conclusion, Mr. Chairman, we again affirm our industry's desire to assure the consumer that all poultry products are wholesome. We know that the present Poultry Products Inspection Act is a sound law. In extending inspection to the small amount of poultry not now covered we urge you to use the provisions of the existing law as the basis on which to build and to extend inspection to the remaining 13 percent not now covered. This will continue the strong assurance the

consumer now gets under the present Federal act. This does not mean that the present law should not be supplemented to include the registration of brokers, renderers, animal food manufacturers, or the storing, freezing, and warehousing of poultry products beyond the processing level, but the extension of the law to these other activities should not make it necessary to discard the processes of existing law which are admittedly serving the consumers well and which are well understood by the poultry industry.

We thank the committee for this opportunity to present the views of the Institute of American Poultry Industries.

Senator JORDAN. Thank you, Mr. Pringle.

Senator BYRD, do you have any questions?

Senator BYRD. Thank you, Mr. Chairman.

Mr. Pringle, I understood from your testimony you feel that there is a substantial difference between meat and poultry, one basic difference being that the Poultry Act is already a modern act?

Mr. PRINGLE. Yes.

Senator BYRD. Whereas, the Meat Act goes back a great many years?

Mr. PRINGLE. Forty or 50 years.

Senator BYRD. Yes. Can we put in capsule form the difference between the House bill and S. 2846; could you do that, the major difference?

Mr. PRINGLE. In reading both of them, it seems to me that in S. 2846, we have the authority to do the same thing that is in the House bill. It is a simple way to answer it, to answer a question that is needed, and it does not involve itself in a lot of ramifications that I think are somewhat unnecessary as I tried to outline in my statement. That makes the difference. We have enough problems in industry to try to understand and to indoctrinate ourselves in the present Poultry Inspection Act, rather than to try to take on all of the problems of the meat industry. It is an entirely different conception. Your meat industry has, unfortunately, gotten into difficulties on some of its products which the poultry industry has not. There is no point in saddling the poultry industry with the stigma that at one time got into the meat bill.

Senator BYRD. You feel that the present Poultry Products Inspection Act is a sound law?

Mr. PRINGLE. Very sound.

Senator BYRD. And any changes made in that, we should build on that law?

Mr. PRINGLE. Build on that law. Take the existing law and extend it to the other 13 percent of product not covered.

Senator BYRD. And S. 2846 seeks to do this?

Mr. PRINGLE. That is right.

Senator BYRD. Whereas, the House bill seeks to accomplish the same objective as S. 2846, but it becomes involved a little bit in terminology and otherwise with the recently passed Meat Inspection Act?

Mr. PRINGLE. Basically, there is one other point that I might make. There is a small amount of poultry that is moving in what we call non-inspected plants. I think basically most of the poultry that is in non-inspected plants comes from five or six States. Some of them have individual bird inspections. And some do not. It does create a competitive situation that is wrong. I think it would be wrong in the House bill which allows 3 years in which to make a transition. The rules gov-

erning some of the noninspected plants presently as against federally inspected plants are such that both of them cannot be right. If the present noninspected plants and their procedures of inspection are correct, then the Federal is destroying many millions of pounds of poultry. On the other hand, if the present Federal act is correct in its criteria, et cetera, then, the consumer is being subjected to poultry that might be classed as unwholesome in a federally inspected plant. I think the sooner we get all poultry within the area under the same regulations, difficult as it is even in what we have got, to get a clear understanding between plants, the better. But if you wind up, as you could, with 50 different regulations in the States, I do not think that you would ever know where you were and it could never be administered.

Senator BYRD. Thanks, Mr. Pringle.

And thank you, Mr. Chairman.

Senator JORDAN. Thank you very much, Mr. Pringle, we appreciate your testimony.

Mr. PRINGLE. Thank you.

Senator JORDAN. It has been very helpful to us.

Our next witness is Mr. Kaufman, who is chairman of the Toxigenic and Bacteriological Committee, Grain and Feed Dealers National Association, of Minneapolis, Minn.

We are very glad to have you with us.

You may proceed.

STATEMENT OF HENRY H. KAUFMAN, CHAIRMAN, TOXIGENIC AND BACTERIOLOGICAL COMMITTEE, GRAIN & FEED DEALERS NATIONAL ASSOCIATION, MINNEAPOLIS, MINN.

Mr. KAUFMAN. Mr. Chairman and members of the committee, I am Henry H. Kaufman, grain laboratory manager, of Cargill, Inc., Minneapolis, Minn. My responsibilities include research in grain, livestock and poultry feeds, and oil seeds. I am a member of the American Association of Cereal Chemists, and the American Society of Agricultural Engineers. This statement is given on behalf of the Grain and Feed Dealers National Association, of which I am chairman of the Toxigenic and Bacteriological Committee.

The Grain and Feed Dealers National Association is industrywide and nationwide. It represents 1,700 firms ranging in size from the smallest country elevators and feed mills to the largest grain marketing, feed milling, and processing firms. The membership also includes 56 State and regional associations which represent approximately 15,000 additional grain, feed, and farm supply firms.

We would like to speak on two subjects being considered by your subcommittee. They are H.R. 16363, the Wholesome Poultry Products Act of 1968, and title I, section 25, of S. 3383.

The Grain and Feed Dealers National Association endorses reasonable and practical efforts to protect consumer interest in obtaining wholesome poultry products, to provide a healthy market environment in which poultry and allied industries, including our own, will prosper. Wholesome poultry products will help producers and processors expand their markets by minimizing disease and infection. The national association did not participate in the development of the Wholesome Meat Act nor did we testify on H.R. 16363. However, the national

association is disturbed by provisions in S. 3383 which would require an additional inspection of grain and other commodities used as poultry feed (title I, sec. 25). The enactment of this section would seriously disrupt our industry, as well as penalize the producer and consumer of poultry products.

Implications of section 25:

In evaluating the purpose of section 25, Congress, governmental agencies and industry need to survey the incidence of salmonella; determine where the greatest source of contamination is likely to occur; estimate the costs and determine the benefits of inspecting and regulating salmonella infection.

Section 25 seeks prevention of salmonella contamination in poultry products by requiring inspection of feed grains and other poultry feed ingredients. Section 25 is predicated upon the assumption that, "Widely distributed animal feeds have been found heavily contaminated with salmonella"¹ * * *. Citing feed grains as "* * *² an important source of salmonella contamination", the sponsor apparently has accepted the conclusions of a 1967 Public Health Service report on a salmonella epidemic in New York which attributed contamination at multiple points in a frozen dessert preparation to, among other things, "salmonella in the poultry feed * * *".³

There is a considerable body of creditable scientific evidence that concludes that feed grains are not an important source of salmonella contamination and that poultry feed ingredients made from grain have been found infrequently contaminated with salmonella. A 1966 State-Federal cooperation survey under the direction of the U.S. Department of Agriculture found that there was a 0.66 percent incidence of salmonella contamination in grain. The study continued: "Feed transmission is only one of many modes of transmitting salmonellosis in animal population. Attempts to evaluate the significance of each of these in contributing to the overall salmonella problem is not known to us, and we feel that this type of study warrants consideration in the future."⁴

Mr. Chairman, I would like to ask that the text of that article be placed in the record at the conclusion of my prepared remarks.

Senator JORDAN. Do you have that?

Mr. KAUFMAN. Yes, I do.

Senator JORDAN. If you do, will you give it to the reporter so that it may be included in the record at the conclusion of your remarks?

Mr. KAUFMAN. Yes; thank you [handing].

This research survey reported low incidence of salmonella in feed grains. At best, evidence to the contrary is mixed and therefore offers little basis for legislative action.

Detection, identification, and eradication of salmonella is a very difficult and technical problem. Detection and identification require elaborate scientific testing which is complex and expensive.

More than 1,200 different strains of salmonella have been identified. Technical experts agree that basic research and the technical art of easily detecting and identifying salmonella is still incomplete.

¹ Senator Mondale, April 25, 1968, Congressional Record, p. S4485.

² Ibid.

³ Ibid.

⁴ "A Survey To Determine the Salmonella Contamination Rate in Livestock and Poultry Feeds," v. 151, Journal of American Veterinary Medical Association, pp. 1857-1860, December 15, 1967.

Since technical information is incomplete, salmonella problems clearly do not lend themselves to legislative or regulatory remedies.

The last U.S. census (1963) identified more than 20,000 grain elevators; hay, grain, and feed stores; and feed mills preparing animal feeds. To comply with section 25 each of these establishments that produced or shipped poultry feed ingredients would have to have access to new inspection services and laboratory facilities. This provision could possibly require a qualified inspector in each establishment. Even assuming that the highly qualified technicians necessary for ingredient analysis were available and could be hired, the public expense of maintaining such an inspection system would seem highly disproportionate to any intended benefit.

Laboratory testing techniques require at least 4 to 5 days to determine whether or not salmonella is present and to identify a particular strain, the time may be doubled or tripled. As a practical matter, shipment delays for such inordinate periods could not be tolerated. The rail demurrage expenses to the industry alone would be several million dollars annually. Further, shipment delays would aggravate the already existing freight car shortage.

All feed grains and other ingredients would have to be tested for salmonella before being offered, sold, or shipped in interstate commerce. It would be impossible for the elevator operators to know whether corn and other feed grains will be used for poultry feeds or other purposes. The majority of country grain elevator and feed manufacturers upon whom this burden would fall are ill-equipped to assume the additional cost for equipment, handling facilities, and inspection services that would be so required. The cost of testing for salmonella at each level in the grain marketing system would be very high and would bear little relation to the incidence of salmonella in grain and even less relation to intended consumer benefits.

Imposition of new feed grain or poultry ingredient inspection requirements would be inconsistent with amendments to the U.S. Grain Standards Act, which have been passed by the House of Representatives and are presently before your subcommittee with uniform support of the U.S. Department of Agriculture, the Interstate Commerce Commission, the Nation's railroads, and the commercial grain trade. The amendments remove requirements for mandatory inspection of grain shipped in interstate commerce and by so doing permit maximum utilization of facilities and equipment at a minimum of cost, delay, and inconvenience while not diminishing quality standards of grain in either domestic or foreign commerce. The amendments to the U.S. Grain Standards Act facilitate rather than retard orderly marketing of grain by eliminating requirements which burden interstate commerce but which are no longer needed by the commercial trade. Section 25 inspection requirements would be a reversal of the laudable progress that is represented by these amendments.

PRESENT ACTIVITY

Last year the national association established the toxigenic and bacteriological committee to study bacteriological and toxigenic problems in the grain and feed industry. This committee is to suggest methods and means of advancing the technical knowledge and practical means

of prevention and control of any contamination in grain and feed operations; to recommend needed research to public and private institutions; and to act as liaison between industry and Government in areas of mutual interest.

The industry carries out good manufacturing practices required by the Food and Drug Administration in preparing medicated feeds. These practices insure that a quality product is maintained. Also, all firms, under the Federal Food, Drug, and Cosmetic Act, whether grain or feed operations, must maintain premises that insure wholesome grain and products.

It is also worth noting that section 25 requirements would duplicate already existing controls. Both the Food and Drug Administration and the U.S. Department of Agriculture have programs to eliminate salmonella from animal feeds. The U.S. Department of Agriculture expenditures for salmonella research and control have increased. In fiscal year 1967, the U.S. Department of Agriculture—Agricultural Research Service—spent \$676,700 on salmonella research and control; in 1968, \$1,163,100. The State agricultural experiment stations spent \$768,000 in 1967 for salmonella research. Without conclusive evidence showing that existing Food and Drug Administration and U.S. Department of Agriculture programs are adequate, it hardly seems possible to reach legislative findings that impose new inspection requirements at considerable cost upon the grain and feed industry.

CONCLUSION

The Grain & Feed Dealers National Association respectfully submits that scientific research to date does not demonstrate the need for section 25 ingredient inspection requirements. Important as feed grains are to the economy of this country, the proposal in section 25, title I of S. 3383 would dramatically revolutionize the marketing system. If undertaken, the increased costs in the marketing of grain will be reflected in higher consumer prices and/or lower producer returns. Mr. Chairman, we urge your committee to omit consideration of section 25 in your deliberations.

I appreciate this opportunity to appear before your committee for the Grain & Feed Dealers National Association.

(The article submitted by Mr. Kaufman follows:)

[From the Journal of the American Veterinary Medical Association, Dec. 15, 1967]

A SURVEY TO DETERMINE THE SALMONELLA CONTAMINATION RATE IN LIVESTOCK AND POULTRY FEEDS

(By Joseph N. Allred, D.V.M.; John W. Walker, D.V.M.; Victor C. Beal, Jr., Ph. D.; and Francis W. Germaine, B.S.)

SUMMARY

A state-federal cooperative survey was conducted in 1966 to determine the salmonella contamination rate in 4 categories of feed ingredients and in 3 finished feed categories. This survey was limited to the basic feed mills in 26 states.

A total of 12,770 samples were collected at 724 feed mills; the samples taken from each category, the percentage positive, and their standard deviations are as follows: grain, 2,698 samples with $0.66 \pm 0.19\%$ positive; oilseed meal, 2,629 samples with $2.28 \pm 0.32\%$ positive; fish meal, 805 samples with $4.72 \pm 0.92\%$ positive; and animal by-products, 869 samples with $31.07 \pm 2.18\%$ positive. In

the finished feed categories: cattle feed, 2,597 samples with $0.85 \pm 0.22\%$ positive; swine feed, 1,567 samples with $3.13 \pm 0.58\%$ positive; and poultry feed, 1,605 samples with $5.23 \pm 0.73\%$ positive.

Work has been done to indicate that feed transmission of salmonellosis does occur in livestock and poultry populations. In 1960, an attempt was made to survey the occurrence of pathogenic organisms in feeds.¹ This survey attempts to determine the incidence of salmonella in the 3 most common finished feeds and in their 4 major ingredients.

Design and Conduct of the Survey

In designing a survey, there are 3 items that are important to consider: (1) that the survey be designed so accuracy of the sampling estimate may be determined from the sample itself, providing an unbiased sample estimate; (2) that as much information as possible be obtained within the practical limits of the survey; and (3) that the sample drawn be representative of the population sampled.

To obtain an unbiased sample estimate with the accuracy being determined from the sample itself, it is necessary to use some form of random sampling. This means that each mill and each state in the population has a known chance (which is different from zero) of being in the sample. Tables of random numbers were used for this purpose.

The 26 states participating in the survey were selected on the basis of availability of state and federal animal health personnel² and on the availability of laboratory facilities. This limited the results of the survey to these states. Also, the survey was limited to the basic feed mills³ in each state.

The number of samples assigned to each state for each category was prorated according to the annual tonnage of feed produced. The samples prorated to each state were assigned at random among the basic feed mills in the state, regardless of their individual annual production.

Restrictions were put on the survey by taking part of the plants from each state and taking the samples from these plants. This is called "cluster sampling."

Materials and Methods

Samples were collected by a veterinarian or livestock inspector in a sanitary manner to avoid cross-contamination. Approximately 50 Gm. of feed or ingredient was sealed in plastic bags, identified with a plant code number, a sample number, a feed category, physical form code and then delivered to an animal disease diagnostic laboratory for culturing.

All laboratories were instructed to use the *Recommended Procedures for Isolation of Salmonella From Animal Feeds and Meat Byproducts*, ARS-91-36, modified to include a lactose broth pre-enrichment incubation before inoculating the tetrathionate broth.

All suspected salmonella cultures were serotyped at the nearest Animal Health Division regional serotyping laboratory⁴ and university laboratory.⁵

Reports were compiled by ANH poultry diseases staff and the biometrics staff in Hyattsville, Md.

Results

The incidence of salmonella contamination of 3 finished feeds and 4 feed ingredients was determined in 26 states. In order to determine the accuracy of these contamination estimates, the standard error was calculated for each

¹ Morehouse, G. E., and Wedman, E. E., *Salmonella and Other Disease Producing Organisms in Animal By-Products*, J.A.V.M.A., 139, Nov. 1, 1961, 989-995.

² Orientation of state and federal animal health personnel was conducted by Dr. C. J. Pfow, assistant to the veterinarian in charge, St. Paul, Minn.; Dr. C. D. Murphy, poultry epidemiologist, College Station, Texas; Dr. D. R. Stauffer, regional poultry epidemiologist, Orono, Maine; and Dr. W. S. Thompson, poultry epidemiologist, Harrisonburg, Va.

³ A basic feed mill is an establishment in which grain and 1 or more additional ingredients are used to manufacture a finished feed, e.g., an establishment with all 7 categories of the survey available for sampling. The basic feed mills manufacture 68% of the feed produced.

⁴ National Animal Disease Laboratory, Ames, Iowa; Phoenix, Ariz.; Atlanta, Ga.; and Orono, Maine.

⁵ University of Massachusetts, Amherst, Mass.

estimate by using a method from Cochran. The rates of contamination and their standard errors are as follows:

Grains: $0.66 \pm 0.19\%$
 Fish meal: $4.72 \pm 0.92\%$
 Cattle feed: $0.85 \pm 0.22\%$
 Poultry feed: $5.23 \pm 0.73\%$
 Oilseed meal: $2.28 \pm 0.32\%$
 Animal by-product: $31.07 \pm 2.18\%$
 Swine feed: $3.13 \pm 0.58\%$

The 95% confidence limits would be about 2 times the standard error. For example, we are 95% confident that the true incidence of salmonella in poultry feed should be about $5.23\% \pm 1.46\%$ for basic feed mills involved in the 26 states in the survey (Table 1).

TABLE 1.—INCIDENCE OF SALMONELLA IN FEED CATEGORIES

	Grains	Oilseed meals	Cattle feed	Swine feed	Poultry feed	Fishmeal	Animal byproduct	Total
Number of samples.....	2,698	2,629	2,597	1,567	1,605	805	869	12,770
Number positive.....	18	60	22	49	84	38	270	541
Percentage.....	0.66	2.28	0.85	3.13	5.23	4.72	31.07	4.23

The contamination rate varied among the 26 states (Table 2), but an attempt was not made to evaluate this, as the sample size per state was too small.

TABLE 2.—GEOGRAPHICAL DISTRIBUTION OF SURVEY SAMPLES

State	Mills		Number of samples	Samples positive	
	Number	Number positive		Number	Percent
Arizona.....	16	9	227	14	6.16
California.....	38	16	1,707	29	1.69
Connecticut.....	7	0	73	0	0
Georgia.....	44	18	657	33	5.02
Illinois.....	24	11	312	29	9.29
Iowa.....	33	21	898	69	7.68
Kansas.....	36	17	483	30	6.21
Louisiana.....	25	1	146	1	.68
Maine.....	6	2	41	2	4.87
Massachusetts.....	17	7	161	15	9.31
Minnesota.....	24	4	546	4	.73
Missouri.....	20	14	522	18	3.44
Nebraska.....	18	9	194	13	6.70
New Hampshire.....	10	1	418	5	1.19
New Jersey.....	30	10	199	21	10.55
New York.....	51	31	1,226	69	5.62
Ohio.....	20	13	818	38	4.64
Pennsylvania.....	50	22	624	54	8.65
Rhode Island.....	4	0	16	0	0
Tennessee.....	43	6	646	7	1.08
Texas.....	80	24	1,503	45	2.99
Utah.....	13	0	148	0	0
Vermont.....	14	1	240	1	.41
Virginia.....	26	6	239	7	2.92
Washington.....	35	19	255	20	7.84
Wisconsin.....	24	13	471	17	3.60
Total.....	724	284	12,770	541	4.23

Sixty different salmonella serotypes were isolated and identified and ranked in order of occurrence (Table 3).

TABLE 3.—RANKING OF SALMONELLA SEROTYPES IDENTIFIED

Salmonella serotype	Number of isolations	Salmonella serotype	Number of isolations
Montevideo.....	63	Taksony.....	6
Eimsbuettel.....	49	Dry pool, heidelberg, illinois meleagridis, reading, and typhimurium var. copenhagen.....	15
Senftenberg.....	35	Alachua, give, minnesota, muchen, st. paul, sieburg, and urbana.....	14
Cubana.....	31	Newport, rubislaw, thompson, and typhimurium.....	13
Anatum and worthington.....	27	Amager, bareilly, chester, hagenbeck, manila, minneapolis, and new brunswick.....	12
Binza.....	24	Babelsburg, bornum, canastel, champaing, clifton, enteritis, habana, livingsgton, manhattan, mississippi, muenster, norwich, Unsan-deigo, weslaco, and westhampton.....	11
Bredeney and oranienburg.....	22	typeable.....	16
Cerro and infantis.....	16		
Newington.....	14		
Derby.....	13		
Schwarzenbrund.....	12		
Tennessee.....	11		
Kentucky and lexington.....	9		
Simsburg and thomasville.....	8		
California.....	7		

¹ Each.

The distribution of salmonella in samples of swine and poultry feed among 3 physical forms of manufacture allows an insight into the effect of each on salmonella contamination (Table 4).

TABLE 4.—EFFECT OF PELLETIZING AND SALMONELLA CONTAMINATION ON POULTRY AND SWINE FEED

Physical form of feed	Number of samples	Number positive	Percent positive
Meal.....	1,813	114	6.29
Pellets.....	854	6	.70
Crumbles.....	366	12	3.28
Other.....	82	3	3.66

Discussion

This work is an attempt to measure the incidence of salmonella contamination in feed and feed ingredients. This information will be used to direct the efforts of state-federal animal health program activities on salmonella control in livestock and poultry feeds.

Salmonella-contaminated feeds are alleged to be a potential hazard to animal and human populations. This work indicates that a reduction in salmonella contamination of animal by-product ingredients and the pelleting of finished feeds would be the logical approach to lower the salmonella contamination rate in swine and poultry feed.

Feed transmission is only one of many modes of transmitting salmonellosis in the animal population. Attempts to evaluate the significance of each of these in contributing to the overall salmonella problem is not known to us, and we feel that this type of study warrants consideration in the future.

Senator JORDAN. Thank you very much.

Could you eliminate salmonella with proper cooking?

Mr. KAUFMAN. If the temperature is high enough and is maintained long enough, yes, sir.

It takes approximately 20 minutes, depending on the process. I believe it is at 160 degrees.

Senator JORDAN. Would that be an abnormally high temperature, such as involved in frying chickens?

Mr. KAUFMAN. No, it would not.

Senator JORDAN. I think it would be well within limits that are possible. If my information is correct, a lot of the contamination is

picked up by the handling of salads and leafy vegetables on the separation table where poultry or any other food containing salmonella has been placed and it is not in the cooked food.

Mr. KAUFMAN. This is one of the possibilities. It is the recontamination.

Senator JORDAN. Thank you very much.

We appreciate your testimony.

The next witness we have is Mr. William F. Brooks, the president of the National Grain Trade Council.

We are glad to have you here, and we will be glad to put your entire statement in the record, if you so desire. You may brief it as you see fit.

STATEMENT OF WILLIAM F. BROOKS, PRESIDENT AND GENERAL COUNSEL, NATIONAL GRAIN TRADE COUNCIL

Mr. BROOKS. Mr. Chairman and members of the committee, we are concerned with section 25 of S. 3383, which is apparently based on the erroneous assumption that feed grains are a source, an important source, of salmonella contamination.

Feed grains constitute an important item in the Nation's international trade. This is an item which has increased remarkably in the last several years.

Your subcommittee and the Senate Committee on Agriculture, as a whole, can render a real service to the feed-grain sector of the economy by affirmatively finding that there are no facts on which this erroneous assumption can be based.

It is significant, perhaps, that both the Administrator of Consumer and Marketing Services, USDA, and the Special Assistant to the President for Consumer Affairs, failed to endorse this section. Because the section would, in part, supersede the provisions of the U.S. Grain Standards Act, it is significant that at no time during the hearings on that act was the suggestion made that the grants of authority in section 25 should be considered by this committee or the House Committee on Agriculture in their deliberations of bills to amend the U.S. Grain Standards Act.

I understand, Mr. Chairman, that your subcommittee will report favorably on that bill tomorrow to the full committee.

Senator JORDAN. Well, I am not so sure about that.

Mr. BROOKS. I understand that you were having a session on it this morning.

Senator JORDAN. We do have a session tomorrow, but we have some other bills. The subcommittee will have to meet and agree to report something to the full committee.

Mr. BROOKS. I was misinformed. I do hope that it will be reported out.

Senator JORDAN. We have the grain inspection bill.

Mr. BROOKS. That is the one I mean.

Senator JORDAN. Yes, indeed.

Mr. BROOKS. That is the one I had reference to.

Senator JORDAN. The subcommittee met on that this morning.

Mr. BROOKS. That is my understanding.

Senator JORDAN. That is the inspection of grain in transit.

Mr. BROOKS. At no time during the discussion on that was there any suggestion made that the provisions of section 25 should be considered.

Senator JORDAN. That is correct—not that bill at all.

Mr. BROOKS. There are a number of press releases by the Department, and I will comment on one of November 29, 1966.

This is on research work by the Agriculture Research Service to determine sources of salmonella in animal feeds. The report of the research states: "The cereal-grain samples showed the least contamination, 0.51 percent;" the report stating: "Of the ingredients going into mixed feeds, animal protein samples, as was expected, showed the highest incidence of salmonella contamination, about 29 percent."

The results of this research, therefore, would seem to indicate that feed grains in fact are not an important source of salmonella contamination.

The next release was of July 12, 1967, which reports on an 18-month study which is to be conducted by the National Research Council of the National Academy of Scientists at the request of USDA and HEW. Until its results have been determined, we believe that it would be unfortunate and improper to draw any conclusions as to the degree, if any, which feed grains or mixed feed contributes to the presence of salmonella in consumer products.

This problem is under continued surveillance both by the Food and Drug Administration and the USDA. In March—March 15, 1967—the Food and Drug Administration took what that agency described as "a significant step toward interruption of the principal epidemiological cycle of salmonellosis in its major animal reservoirs." This step and this procedure was published in the Federal Register of that day and disclosed that "processed fish meal, poultry meal, meat meal, tankage, and other animal byproducts intended for use in animal feed may be contaminated with salmonella bacteria, an organism pathogenic to man and animals."

And, "Therefore, the Food and Drug Administration will regard as adulterated within the meaning of the section 402(a) of the act shipments of the following when intended for animal feed and encountered in interstate commerce and found upon examination to be contaminated with salmonella micro-organisms: Bone meal, blood meal, crab meal, feather meal, fish meal, fish solubles, meat scraps, poultry meat meal, tankage, or other similar animal byproducts, or blended mixtures of these."

And I will conclude by saying that the present state of the record warrants the conclusion that feed grains are not an important source of salmonella contamination, and that this committee should not, therefore, approve, as part of any legislation to amend the Poultry Products Inspection Act, section 25 of S. 3383.

Thank you.

(The prepared statement of Mr. Brooks is as follows:)

I am William F. Brooks, President and General Counsel of the National Grain Trade Council. We appreciate this opportunity to appear today. Our comments and observations are primarily directed to Section 25 of S. 3383.

This Section, found in Title I of S. 3383, and appearing at pages 44 and 45 of that bill, is not found in any of the other pending proposals. This section would authorize the Secretary, after investigation, to establish sanitation and health standards with respect to the handling, storage and use of feed grains, and would require that after these standards have been established, no one could

thereafter ship, sell, offer to sell, or transport any feed grain unless the feed grain had been inspected and passed by an inspector.

This section is based, apparently, on the erroneous assumption that feed grains are a source, allegedly an important source, of salmonella contamination.

Feed grains constitute an important item in the Nation's international trade. In 1963 18.8 million tons of feed grains were exported; in 1964, 21.6 million tons; in 1965, 29.1 million tons; in 1966, 22 million tons, and it is estimated that 23.1 million tons will be exported in the current crop year. This Subcommittee and the Senate Committee on Agriculture can render a real service to the feed grain sector of the economy by affirmatively finding that there are no facts on which this erroneous assumption can be based.

It is significant, perhaps, that both the Administrator of Consumer and Marketing Services, USDA, and the Special Assistant to the President for Consumer Affairs, failed to endorse this section. Because the section would in part supercede the provisions of the United States Grain Standards Act, it is significant that at no time during the hearings on that Act was the suggestion made that the grants of authority in section 25 should be considered by this Committee or the House Committee on Agriculture in their deliberations of bills to amend the United States Grain Standards Act.

The National Grain Trade Council has been concerned about salmonella problems for some time now. We have collected, studied and retained copies of those press releases from the Departments of Agriculture and of Health, Education and Welfare, relating to the salmonella problem. Simultaneously we have received, as they have been issued by the Communicable Disease Center of the Public Health Service, reports on Salmonella Surveillance. Each of these reports covers a month's activities. As they have been received, they have been studied and retained.

Attached to this statement are four USDA and HEW press releases as follows:

Nov. 29, 1966: "USDA Studies May Lead to Reduction of Salmonellosis in Humans and Animals."

July 12, 1967: "National Academy of Sciences to Conduct Salmonella Study."

Aug. 8, 1967: "USDA Scientists Learn Beetle is Carrier of Salmonella."

May 10, 1968: "Salmonella Survives Up to 24 Weeks on Some Fabrics."

The Department of Agriculture's press release dated November 29 reports on research by the Agricultural Research Service to determine sources of salmonella in animal feeds, and plans to eliminate these sources with the cooperation of renderers by their adoption of a control program. The release significantly points out that hundreds of types of salmonella occur throughout the world, and some naturally throughout the environment.

The report of the research states "The cereal-grain samples showed the least contamination, 0.51 percent; followed by samples of finished cattle feed—which likewise contains no animal protein—1.10 percent." The report states "Of the ingredients going into mixed feeds, animal protein samples, as was expected, showed the highest incidence of salmonella contamination—about 29 percent." The results of this research, therefore, would seem to indicate that feed grains in fact are not an important source of salmonella contamination.

The July 12, 1967 USDA press release reports on an 18-months study to be conducted by the National Research Council of the National Academy of Sciences at the request of USDA and HEW. This study is indicative of the uncertainties present at this time in this whole area. This 18-months study may well be finished on schedule in January of 1969. Until its results have been determined, we believe that it would be unfortunate and improper to draw any conclusions as to the degree, if any, which feed grains or mixed feed contributes to the presence of salmonella in consumer products.

Our understanding is that the presence of salmonella cannot be determined by visual inspection. Our information is that there is a method for determining salmonella which requires up to five days for confirmation.

Pending the results of the research described in the July 12 press release, both the Food and Drug Administration and the Department of Agriculture continue to be actively interested in solving the problems of salmonella in feed.

On March 15, 1967, the Food and Drug Administration took what that agency described as "a significant step toward interruption of the principal epidemiologic cycle of salmonellosis in its major animal reservoirs." This step and procedure was published in the Federal Register of that day as follows:

“§ 3.58 Animal Feeds contaminated with salmonella microorganisms

“(a) Investigations by the Food and Drug Administration, the Communicable Disease Center of the U.S. Public Health Service, the Animal Health Division of the Agricultural Research Service, U.S. Department of Agriculture, and by various State public health agencies have revealed that processed fishmeal, poultry meal, meat meal, tankage, and other animal byproducts intended for use in animal feed may be contaminated with salmonella bacteria, an organism pathogenic to man and animals. Contamination of these products may occur through inadequate heat treatment of the product during its processing or through recontamination of the heat-treated product during a time of improper storage or handling subsequent to processing.

“(b) Articles used in food for animals are included within the definition of ‘food’ in section 201(f) of the Federal Food, Drug and Cosmetic Act. Further, salmonella contamination of such animal feeds having the potentiality for producing infection and disease in animals must be regarded as an adulterant within the meaning of section 402(a) of the act. Therefore, the Food and Drug Administration will regard as adulterated within the meaning of section 402(a) of the act shipments of the following when intended for animal feed and encountered in interstate commerce and found upon examination to be contaminated with salmonella microorganisms: Bone meal, blood meal, crab meal, feather meal, fishmeal, fish solubles, meat scraps, poultry meat meal, tankage, or other similar animal byproducts, or blended mixtures of these.”

In the Salmonella Surveillance Report No. 62 covering the period of May 1967, there is a progress report on the food and feed surveillance program. Included in the types sampled were corn, oats, cracked corn, wheat and mixed feed. Salmonella was not isolated from any of these samples.

Report No. 63 from the Center lists 13 recommendations developed by a Committee of the World Association of Veterinary Food-Hygienists at the National Institute of Health, Bilthoven, Netherlands. All these recommendations are significant. They are indicative of the fact, as stated in the recommendation numbered 10, “Certificates which guarantee that foods and feeds are free from salmonellae are misleading because in the present stage of the art of production and processing of certain foods and feeds, it is impossible to guarantee the absence of these organisms.” This is far short of a conclusion that animal feed is an important source of salmonella contamination.

Report No. 73 covering the month of April 1968 and issued last month, summarizes the Food and Drug Administration’s Product Analysis for Salmonellae for the year April 1, 1967-April 1, 1968. Among the products examined that year were 52 samples of wheat, rice and cereals. None of these was positive for salmonellae.

The present state of the record warrants the conclusion that feed grains are not an important source of salmonellae contamination, and that this Committee should not, therefore, approve, as part of any legislation to amend the Poultry Products Inspection Act, Section 25 of S. 3383.

[From the U.S. Department of Agriculture, Nov. 29, 1966]

USDA STUDIES MAY LEAD TO REDUCTION OF SALMONELLOSIS IN HUMANS AND ANIMALS

Studies conducted this year point the way to substantially reducing bacterial disease caused by Salmonella infection of both man and animals, Secretary of Agriculture Orville L. Freeman said today.

USDA’s Agricultural Research Service has determined sources of Salmonella bacterial contamination in animal feeds. Intensive sampling of animal feed and feed ingredients in 26 States showed that feed ingredients of animal origin—
X tankage, meat, meal, feather meal, poultry by-product meal and similar products—are a frequent source of Salmonella contamination in animal feeds.

With the cooperation of rendering companies, the animal feed industry and State agencies, ARS is working to reduce and eliminate the contamination. Voluntary improvement of sanitary practices will make use of guidelines that have been developed by ARS and industry.

A survey indicates that 43 percent of the renderers who received the guidelines had made an evaluation of their rendering operation for Salmonella control. It is expected that with State or Federal officials working with renderers, nearly all could be stimulated to initiate and maintain a Salmonella control program.

Under the voluntary control program an official will visit each plant to give professional guidance on a continuous basis. If all renderers apply the sanitary guidelines under the program, Salmonella contamination of feed ingredients of animal origin can be eliminated, ARS officials state.

Elimination of this source of Salmonella should contribute to the overall reduction of the organisms in the total environment, ARS Animal Health Division veterinarians reported. They point out, however, that hundreds of types of Salmonella occur throughout the world, and some occur naturally throughout the environment. Several types cause Salmonellosis that has afflicted both man and animals for more than a century.

In cooperation with the livestock and poultry feed industries and State agencies, 12,500 samples of feed and feed ingredients were collected from over 600 basic feed mills using a variety of ingredients and producing many forms of finished products. The industry produces about 60 million tons of finished feeds annually. Less than 4 percent of all samples of ingredients and finished feeds showed detectable levels of Salmonella contamination, as determined by State and University laboratories. Over 10,000 of the samples have now been analyzed, and tabulations by USDA are nearing completion.

Of the ingredients going into mixed feeds, animal protein samples, as was expected, showed the highest incidence of Salmonella contamination—about 29 percent. This higher level of contamination in turn was reflected in feeds containing animal proteins. Poultry feed showed 3.97 percent and swine feed 2.65 percent.

The cereal-grain samples showed the least contamination, 0.51 percent; followed by samples of finished cattle feed—which likewise contains no animal protein—1.10 percent; and plant protein, 1.60 percent. Marine protein samples showed 3.73 percent.

The amount of contamination in cereal grains, plant proteins, and cattle feeds may reflect general environmental contamination.

Congress appropriated \$153,300 for ARS Salmonella control work during this fiscal year.

[From the U.S. Department of Agriculture and U.S. Department of Health, Education, and Welfare, Food and Drug Administration, July 12, 1967]

NATIONAL ACADEMY OF SCIENCES TO CONDUCT SALMONELLA STUDY

The National Academy of Sciences is undertaking a broad study of Salmonella and its impact on human health, food technology, and animal agriculture in the United States.

The project will be carried out under the joint sponsorship of two agencies of the U.S. Department of Agriculture—the Agriculture Research Service and the Consumer and Marketing Service—and of the Food and Drug Administration, Department of Health, Education and Welfare. The study will cost \$64,000.

Salmonella is a pathogenic microorganism which is a common cause of food poisoning in the United States. Hundreds of distinct strains of the organism are found in man, in animals, and elsewhere in the environment.

The National Academy project will include a survey of the problem of Salmonella contamination in the food and agricultural industries, the chain of infection that leads to outbreaks of salmonellosis in man, and the effectiveness of current control methods.

A review and evaluation of FDA's surveillance and enforcement activities to control Salmonella will be part of the study.

National Academy scientists also will seek answers to such questions as:

What is the economic cost of Salmonella, in terms of livestock and human disease as well as industrial losses?

What are the roles of humans and livestock as carriers of Salmonella?

What changes are occurring in the incidence of salmonellosis and what factors underlie the changes?

At what point in the chain of transmission of the organism can control methods be most effective in preventing outbreaks of disease?

What new data are required on the Salmonella problem and how can the research be carried out to acquire it?

How can the combined resources of Government, the academic world, and industry be utilized most effectively to reduce the potential Salmonella threat to public health and animal health?

The National Research Council, operating arm of NAS, expects to spend 18 months on the study. The Food Microbiology Subcommittee of the NAS-NRC's Food Protection Committee and the Animal Health Committee of the Agricultural Board will provide guidance and support for the work.

Specialists in microbiology, epidemiology, microbial genetics and physiology, immunology, food technology, and agriculture will be called upon to assist in the project.

[From the U.S. Department of Agriculture, Aug. 8, 1967]

USDA SCIENTISTS LEARN BEETLE IS CARRIER OF SALMONELLA

Research entomologists have learned that the dermestid beetle, *Dermestes maculatus*, can be a carrier of *Salmonella*, the U.S. Department of Agriculture reported today.

Salmonella is a genus of bacteria frequently associated with various types of food poisoning, with acute gastrointestinal inflammation. Despite elaborate precautions taken by industry, it appears sporadically in processed foods and feeds.

In testing beetles collected at one location, it was determined that crushed larvae placed on a culture medium were all positive for *Salmonella*. Adult beetles found infected externally were cleansed on the outside and on testing were found to carry an internal infection also.

Agricultural Research Service entomologists speculate that in a plant infested with these beetles it would be possible for the insects to carry the *Salmonella* organism from infected areas into clean areas, including holding or packer bins, and so infect products that had earlier been pasteurized or sterilized. It has previously been established that rats, birds, and even humans can be vectors of *Salmonella* organisms.

The entomologists say that controlling the beetle infestation, and so breaking this chain of transmissions, would be of tremendous importance to the food and feed industries. But, they point out, their present findings are preliminary. They are continuing their observation, to obtain sound data upon which they hope to be able to base positive recommendations to the food and feed industries.

[From the U.S. Department of Agriculture, May 10, 1968]

SALMONELLA SURVIVES UP TO 24 WEEKS ON SOME FABRIC

Salmonella bacterium that can cause illness remained alive and infectious on fabrics for as long as 24 weeks in research sponsored by the U.S. Department of Agriculture.

USDA scientists say that although these studies do not prove that this organism can be transmitted to humans by contaminated linens or clothing, the potential of such transmission is indicated.

Microbiologists at the Southern Research Institute, Birmingham, Ala., working under an Agricultural Research Service contract, conducted the research. They used three methods to contaminate fabrics with the organism, *Salmonella typhimurium*.

Swatches of 2 wool materials (blanketing and gabardine) and 4 cotton (sheeting, knit jersey, terry cloth, and wash-and-wear shirting) were contaminated by (1) placing a bacterial suspension directly on the fabric, (2) using an aerosol spray containing bacterial suspension, and by (3) placing household dust containing the bacteria on the fabric.

Swatches of material were then kept at 77° F. in relative humidities 35 or 78 percent. They were examined at intervals to determine the number of living cells and the infectivity of the cells on mice.

The samples of wool gabardine, cotton sheeting, knit jersey, and terry cloth exposed by direct contact and held at 35 percent humidity retained high numbers of living bacterial cells at the end of 24 weeks. At 78 percent humidity, the bacteria lived only 6 to 12 weeks.

Swatches exposed to dust-containing bacteria and kept at 35 percent humidity retained significant levels of the *Salmonella* organism for 6 to 14 weeks. The bacteria lived for the shortest period (from 1 to 4 weeks) when the fabric was

contaminated through use of aerosol spray. Here, the humidity did not appear to be important.

This research is an outgrowth of earlier bacteriological research by the Department to improve sanitation in the home.

Senator JORDAN. Thank you. We appreciate your testimony, and we appreciate you being with us. Thank you, sir.

I believe that concludes our witnesses for the day.

Thank you very much, gentlemen.

Is there anybody who wishes to put a statement in the record?

If so, the record will be kept open until July 3 for any insertion that may come in later.

Thank you, again, very much.

This concludes the hearing.

(Whereupon, at 12:20 p.m., the hearing was concluded and the subcommittee arose.)

(Additional statements filed for the record are as follows:)

STATEMENT OF HON. VANCE HARTKE, A U.S. SENATOR FROM THE STATE OF INDIANA

Mr. Chairman, I appreciate this opportunity to present my views on S. 2932, which amends the Poultry Inspection Act of 1957 to promote Federal-State cooperation and to strengthen poultry inspection requirements. S. 2932 is an important extension of better protection for the consumer. I am pleased to be a Senate sponsor of this legislation.

In my own State of Indiana, which ranks 17th in all poultry production, this vital industry last year accounted for almost \$28 million in income to farmers and producers. Processing of poultry products is a big business in Indiana. Most firms and producers are above the \$15,000 a year limitation. However, it is my understanding that our Indiana people under this volume limitation agree to cooperate.

During 1967 and early 1968 the Indiana State Poultry Association conducted meetings with poultry producers and processors—large and small—to work out standards which should meet Federal approval and not cause undue hardship on the smaller producers. The consumer benefits by such working agreements.

S. 2932 further promotes State-Federal cooperation, a trend which began several years ago. As a result, the States accept more and more of the responsibility for their residents. However, the provision in S. 2932 of initiative power to the Secretary of Agriculture is necessary so that housewives in all the states can be assured of the purchase of wholesome products for their families.

While we encourage the States' acceptance of responsibility in these areas it is important that we share the cost of the program and provide Federal appropriations for the technicians-inspectors.

I would like to restate for the Committee and the record the concern as expressed by one of our largest processors of poultry, Central Soya, Ft. Wayne, Indiana: "We believe that all poultry processed in this country should meet high standards of quality and be subject to the continuous inspection now provided for processing plants which are in Interstate Commerce. Consequently, we hope that the legislation is passed . . ."

Mr. William H. Small, Staff Attorney for Central Soya, did express some reservation about the required stamping of poultry merchandised in small pieces. I hope that the legislative history of the bill and the subsequent development of administrative guidelines will show that certification of an inspected carcass may be transferred to a package of smaller pieces.

This is a good bill, Mr. Chairman, and I urge its favorable recommendation to the full Senate. By passing S. 2932, we fulfill our obligation to the public and provide a workable law for producers and processors.

WASHINGTON, D.C., July 2, 1968.

HON. B. EVERETT JORDAN,
*Chairman, Agricultural Research and General Legislation Subcommittee of the
 Senate Committee on Agriculture and Forestry, Senate Office Building,
 Washington, D.C.*

DEAR MR. CHAIRMAN: I will appreciate it very much if you will make this letter a part of the record of the hearings on bills to amend the Poultry Products Inspection Act.

We in the Farmers Union traditionally have supported legislation to insure that wholesome food products reach the consumer. We farmers, of course, are consumers ourselves. But over and above this, we are convinced that effective inspection programs which build confidence on the part of the consumer in food products is in the interest of producers over both the short and long range. Therefore, in 1956 when legislation was introduced in the Senate to provide mandatory federal inspection for poultry, Farmers Union joined a coalition of consumer organizations and civic groups in support of the best possible legislation. As you will recall, that action culminated in the enactment of the Poultry Products Inspection Act of 1957.

We look back with considerable pride on our organization's efforts on behalf of this law. We think it has been of great benefit to all concerned—consumers, employees in poultry processing plants, farmers and the industry generally. We point out, however, that the Poultry Products Inspection Act of 1957 necessarily related to the Meat Inspection Act which has been amended by Congressional action this year. In keeping with the traditional relationship between inspection procedures for red meat and poultry we should move in this the 90th Session of Congress to update the Poultry Products Inspection Act to reflect improvements made this year in the Meat Inspection Act.

Therefore, we support the bill of Senator Ellender and 13 cosponsors—S. 2932.

We consider all of the bills before the Committee as generally good bills. For example, we can see considerable merit in the measure introduced by Senator Mondale—S. 3383—since it comprises effectively the issue of Federal-State authority and at the same time assures strong consumer safeguards. But, we agree with other proponents of Congressional action this year that Senator Ellender's bill basically in the form of the House passed bill, H.R. 16363, will more realistically be assured of Congressional approval before adjournment. There are several provisions, however, we would like to see improved.

Section 5(c) (5) of S. 2932 would permit state-inspected plants to ship into interstate commerce.

Any and all plants which ship into interstate commerce or to federally-inspected plants can and should get federal inspection. If the line between federal and state programs, between inter-state and intra-state plants, is to be erased, then we suggest that the intra-state plants be brought under federal inspection rather than inter-state plants being brought under state programs which have yet to prove themselves.

The fact is that there is unlikely to be many state poultry inspection programs. There are too few states which have a sufficient number of intra-state poultry plants to make it worthwhile to establish an inspection program. We regard Section 5(c) (5) to be aimed not so much at poultry inspection, but rather to provide a wedge for reopening the meat inspection law.

Because the mass of the poultry industry is concentrated in comparatively few areas of the nation and because few states will probably go to the expense of establishing a program, we suggest that either S. 2932 or H.R. 16363, whichever the Committee will use as its poultry inspection bill, should contain a state waiver provision. This section would allow the Governor or the elected state Secretary of Agriculture to indicate to the federal government that the state will not provide inspection and ask the federal program to inspect its intra-state plants.

As a result, consumers could be protected before the two year period runs out. There is no reason why preparation for inspection and the inspection, itself, should wait two years if the state does not intend to establish a poultry program.

Section 9(a), the prohibited acts section, of H.R. 16363 contains the word "knowingly." With this word, the Government would find it much more difficult to prosecute violations than it would under S. 2932, the Wholesome Meat Act or the Federal Food Drug and Cosmetic Act.

The Department has administrative procedures concerning these situations and, as far as we know or as far as testimony shows, these procedures have worked well. We, therefore, see no reasons to put an extra burden on the Government in acting against violations which are repeated and of major importance.

As a general rule, Mr. Chairman, the fewer exceptions to provisions of the Wholesome Meat Act the better for all concerned. However, we support Sec. 14 (c) of H.R. 16363 which establishes exceptions for plants which process less than \$15,000 worth of poultry each year. We would point out in this connection that this exemption is adequate to take care of those instances where farmers do some processing of poultry they produce for local markets.

We hope that members of the Subcommittee and the full Senate Agriculture and Forestry Committee will look with favor on our recommendations and that action of the Congress this year on this important legislation is assured.

Respectfully,

REUBEN L. JOHNSON,
Director of Legislative Services,
National Farmers Union.

WASHINGTON, D.C., July 2, 1968.

Senator ALLEN J. ELLENDER,
Chairman, Senate Committee on Agriculture and Forestry, U.S. Senate, Wash-
ington, D.C.

DEAR MR. CHAIRMAN: The American Veterinary Medical Association appreciates and welcomes the opportunity to present the following statement, relative to S. 2932 and H.R. 16363, and other legislation pertaining to the Wholesome Poultry Products Act.

S. 2932, H.R. 16363, and other legislation contain broad authority for the Secretary of Agriculture to cooperate with and assist State officials in the inspection work within the States. These provisions should be most helpful in improving the inspection programs in many States.

However, there is, also, authority for the Secretary to take over inspection activities when he finds that the inspection carried out by the State authority is not in conformity with Federal Requirements. It is important that the congressional intent be made clear that these provisions of the bill, if enacted, should be administered with the objective of assisting the States to improve their services and only secondarily, and as a last resort, to push the State authority aside with a Federal take-over. If the States are to work wholeheartedly to build up intrastate inspection systems, they should be assured that it is the intent of the Congress to support them in these efforts. Your Committee could help to reassure the States, and, at the same time, assist the Department, by placing clear-cut language to this effect in the Committee report.

We would suggest, also, for the Committee's consideration, the desirability of placing in the Committee report a clear statement of the congressional intent that the provisions for consultation between the Secretaries of Agriculture, and Health, Education and Welfare are expected to be handled in such a way that the final authority for decisions under the Wholesome Poultry Products Act rests, exclusively, with the Secretary of Agriculture.

Meat—red meat and poultry meat—is in many ways the most important item of the American diet. It contains most of the nutrients important to health. It is the principal item of most meals. It is high on the palatability list of most people.

With all its superior qualities, meat as a food is subject to two critical problems—it is highly susceptible to spoilage during processing and handling, and the animals and birds from which it is derived are subject to a wide variety of disease processes which render the meat unwholesome for food and may be directly transmissible to man. These unwholesome conditions must be kept out of the food supply by a thorough veterinary inspection, as provided in the Wholesome Meat Act and in the proposed legislation.

H.R. 16363, includes the necessary protections to develop a strong State-Federal cooperative poultry inspection program in the United States. However, Sec. 5(c)5, which would have provided for the movement of State-inspected products in interstate channels, has been stricken from the bill and, therefore, creates the same problems that confront States in their efforts to implement the Wholesome Meat Act.

The American Veterinary Medical Association believes that poultry products inspected under cooperating State inspection systems, and recognized by the Secretary as meeting all of the Federal requirements for wholesomeness and proper labeling, should be eligible for interstate movement on the same basis as Federally inspected poultry products. The same principle should apply, also, with respect to the administration of the Wholesome Meat Act. The AVMA would be pleased to see appropriate language incorporated in the pending legislation to accomplish this purpose.

We note the language used by the House Agriculture Committee in its report on H.R. 16363, setting forth the key requirements for veterinary ante-mortem and post-mortem inspection. We endorse that language and commend it to the Committee's attention.

It is always a privilege for the American Veterinary Medical Association to present its views to you. Please be assured of our continuing interest in a meat and poultry supply that is healthful, wholesome, and entirely above reproach in every way.

Sincerely,

M. R. CLARKSON, D.V.M.,
Executive Secretary, American Veterinary Medical Association.

STATEMENT OF OAKLEY M. RAY, VICE PRESIDENT, AMERICAN FEED
MANUFACTURERS ASSOCIATION

The American Feed Manufacturers Association is the national association of the feed manufacturing industry. Members of the Association produce more than 70% of the formula feed which is sold by feed manufacturers.

We would like to comment on Section 25 of S. 3383 which would direct the Secretary of Agriculture to establish sanitation standards for grain and other poultry feed ingredients, and then would prohibit any movement of such ingredients until they had been inspected and passed. Comments made by the author of S. 3383 when the bill was introduced suggest that *Salmonella* was the major objective of the proposal.

Salmonella is a type of bacteria which is by no means limited to grain and other feed ingredients. It is everywhere in our environment and is found throughout the world. More than 1200 different strains have been identified, and it is believed that the list is by no means complete. *Salmonella* has been with us for hundreds of years—perhaps since the beginning of man.

Salmonella is destroyed by heat and will be destroyed in any red meat, poultry or egg product when the product is cooked. More education of those who handle and prepare food in the kitchen is needed to teach the principles of sanitary handling, cooking and refrigeration. The vast majority of the cases of human *Salmonellosis* associated with the consumption of food would be avoided if good basic sanitary procedures were followed by those who prepare and serve food. We have not yet even taken action to eliminate human *Salmonella* carriers from such jobs as cooks and waitresses in restaurants, and jobs in food processing plants, retail stores, etc., where one person can transfer *Salmonella* to a large number of people by handling food which was *Salmonella*-free until that time.

Salmonella organisms have been isolated from water, air, wild birds, snakes, rodents, dogs, cats, pet turtles, flies, roaches, ticks, fleas, human carriers and many other sources as well as from feed ingredients. At this time no one knows the relative importance of the different sources. Many *Salmonella* specialists believe that livestock and poultry are continually exposed to *Salmonella* from such a large number and variety of different sources that, even if all of the more than 160 million tons of feed concentrates which are fed annually were made sterile through pasteurization, it would not significantly minimize the problem of *Salmonella* in animals and man, because of contamination from other sources. Such an effort would cost hundreds of millions of dollars per year at best without any assurance of corresponding benefits. This is a problem which must be attacked through research if we are to be able to deal with it intelligently.

A substantial amount of research is underway which will enable us to learn much more about *salmonella* and how it can best be controlled. Attached is a July 12, 1967, release from the Food and Drug Administration and the USDA, describing an 18-month \$64,000 research project which is being conducted by the National Academy of Sciences under the sponsorship of the USDA and FDA (see appendix I). As stated in the release, four of the objectives of the study are to answer the questions:

"What are the roles of humans and livestock as carriers of salmonella?"

"At what point in the chain of transmission of the organism can control methods be most effective in preventing outbreaks of disease?"

"What new data are required on the salmonella problem and how can the research be carried out to acquire it?"

"How can the combined resources of Government, the academic world, and industry be utilized most effectively to reduce the potential salmonella threat to public health and animal health?"

When information is not available to answer such basic questions as the four stated above, it is clear that it is far too early to consider legislation which would substantially increase the cost of producing food, with no assurance that the legislation would prove to be of major value in attaining the desired objective.

The American Feed Manufacturers Association is sponsoring research projects at Kansas State University and at the University of Massachusetts which should help provide some of the answers to the salmonella puzzle. The association has been cooperating closely with the USDA during the past several years on a number of projects which are yielding substantial information about salmonella. This work has indicated the raw materials most likely to contain salmonella. The USDA is now in the midst of an intensive program with the producers of these raw materials with the objective of eliminating salmonella from the materials. The American Feed Manufacturers Association is supporting USDA in this salmonella work. It should be re-emphasized, however, that no one knows for sure at this time whether the complete elimination of salmonella from feed ingredients would result in a significant reduction in the amount of salmonella in food products.

FDA is also cooperating with the USDA in the project described above. In addition, FDA on August 28, 1967, announced a 15-month, \$63,000, salmonella study to be conducted by the Midwest Research Institute of Kansas City, Mo. The news release stated that "The Institute will analyze the salmonella problem in relation to the total environment, the food and drug industries, and man. Sources, carriers, and the transfer of the bacteria will be considered in the study."

The National Renderers Association is also sponsoring extensive salmonella research with \$180,000 designated for this purpose. This will be primarily to determine methods of processing to produce salmonella-free rendered byproducts which are used as animal feed ingredients.

It is clear that the salmonella problem is a research problem at this time—not a legislative problem. Substantial research is underway sponsored by both industry and government. Therefore, we urge the committee to take no affirmative action on section 25 of S. 3383.

APPENDIX I

[From the U.S. Department of Agriculture and the U.S. Department of Health, Education, and Welfare, Food and Drug Administration, July 12, 1967]

NATIONAL ACADEMY OF SCIENCES TO CONDUCT SALMONELLA STUDY

The National Academy of Sciences is undertaking a broad study of salmonella and its impact on human health, food technology, and animal agriculture in the United States.

The project will be carried out under the joint sponsorship of two agencies of the U.S. Department of Agriculture—the Agriculture Research Service and the Consumer and Marketing Service—and of the Food and Drug Administration, Department of Health, Education, and Welfare. The study will cost \$64,000.

Salmonella is a pathogenic microorganism which is a common cause of food poisoning in the United States. Hundreds of distinct strains of the organism are found in man, in animals, and elsewhere in the environment.

The National Academy project will include a survey of the problem of salmonella contamination in the food and agricultural industries, the chain of infection that leads to outbreaks of salmonellosis in man, and the effectiveness of current control methods.

A review and evaluation of FDA's surveillance and enforcement activities to control salmonella will be part of the study.

National Academy scientists also will seek answers to such questions as:

What is the economic cost of salmonella, in terms of livestock and human disease as well as industrial losses?

What are the roles of humans and livestock as carriers of salmonella?
 What changes are occurring in the incidence of salmonellosis and what factors underlie the changes?

At what point in the chain of transmission of the organism can control methods be most effective in preventing outbreaks of disease?

What new data are required on the salmonella problem and how can the research be carried out to acquire it?

How can the combined resources of Government, the academic world, and industry be utilized most effectively to reduce the potential salmonella threat to public health and animal health?

The National Research Council, operating arm of NAS, expects to spend 18 months on the study. The Food Microbiology Subcommittee of the NAS-NRC's Food Protection Committee and the Animal Health Committee of the Agricultural Board will provide guidance and support for the work.

Specialists in microbiology, epidemiology, microbial genetics and physiology, immunology, food technology, and agriculture will be called upon to assist in the project.

STATEMENT OF MRS. SARAH H. NEWMAN, GENERAL SECRETARY, NATIONAL CONSUMERS LEAGUE

The National Consumers League has since 1899 been in the forefront of the many campaigns to assure sanitary and wholesome food supplies for the American consumers. At the turn of the century our involvement was in the campaign to establish the Pure Food and Drug Administration, and since that time we have continued to campaign for consumer protection at both the State and Federal level. Ten years ago we worked for enactment of the original poultry inspection program, and last year we campaigned for the strengthened meat inspection program, which Congress enacted. Continuing in this tradition, the National Consumers League wishes to be recorded in support of the Wholesome Poultry Products Act of 1968, which follows the course of the Wholesome Meat Act, and would assure the American consumers of clean, wholesome, disease-free, honestly labeled poultry products.

Poultry is a healthy food and a fine source of protein. It has gained in popularity over the years because it is high in protein, low in calories, adaptable to many different recipes, and is usually economical when compared to other meats. In fact, it is a popular staple in the American diet. Therefore, the disclosure of the shocking conditions which exist in the nonfederally inspected poultry plants causes great uneasiness and concern among American consumers. Dr. Mehren, Assistant Secretary of Agriculture, in his testimony before the House committee, declared that a survey by his department in January of this year, which covered 16 States, showed that one out of five nonfederally inspected chickens was unfit for human consumption.

This survey revealed that of 316 nonfederally inspected chickens only 18 percent "appeared satisfactory." He pointed out that 20 percent would have been considered unwholesome, and although the remaining 62 percent would have passed Federal inspection, they had some shortcomings. His testimony, which declared that "laboratory analysis . . . revealed a higher level of contamination in nonfederally inspected products" is evidence that legislation strengthening the poultry inspection program is long overdue. More than one billion pounds of poultry processed and sold to consumers each year, or 13 percent, is still outside the Federal inspection program. Much of this supply is not inspected at all.

President Johnson's consumer message to this Congress raised an interesting question. He said, "The housewife received protection for the poultry that comes from a neighboring State. Why should she not receive the same protection when the poultry is processed and sold in the State where she lives?" We urge the Congress to provide this protection promptly.

Today, in buying poultry products, whether in the store or in eating establishments, the consumer cannot be sure that her purchase will be a safe and wholesome product. In such a chaotic situation, where safe, wholesome poultry which has been properly inspected, may be lying side by side with nonfederally inspected products, the consumer is at a great disadvantage. One more chore, which could be eliminated at very little cost, is added to the burden of making a wise choice in the market place.

In the ten years since the original poultry inspection legislation was passed, the states, unfortunately, have not stepped in to fill this breach. Today, only four States have programs which the Department of Agriculture describes as adequate, although because of limited personnel in three of these States, each carcass is not always inspected. Thirty-one States have no programs at all.

Until the inspection program covers all poultry, the consumer will not be able to be sure of the quality of the product he buys. Yet, the confidence of the consumer in the safety of her food is a vital factor in the success of the industry. The presence of unwholesome, adulterated, or mislabeled poultry or poultry products in competition with wholesome, properly inspected products creates unfair competition for those in the industry who deserve the confidence of consumers.

The health of both consumers and workers in the plant is endangered by lack of inspection. Salmonellosis which in recent months has been found very active and presents a serious health problem is one of the diseases which occurs in poultry and can be transmitted. There are many others, such as psittacosis which can be fatal, and erysipelas and avian pneumoencephalitis which make poultry inspection imperative.

The bill which has passed the House (H.R. 16363) and which is very similar to S. 2932, introduced by Senator Ellender and 13 cosponsors, are both based on the excellent Wholesome Meat Act of 1967, and with a few changes would, in the opinion of the National Consumers League provide adequate protection to consumers. The changes we recommend are (1) deletion from H.R. 16363 of the word "knowingly" from section 9(a) since this would create unwarranted difficulty in prosecution of violations. The experience under the old Poultry Products Inspection Act is clear evidence that unwitting violations or minor infringements have not been used to justify prosecution, and it is absolutely unnecessary to tie the hands of the administrators by requiring proof of *intent to violate*. (2) Section 14(c) offers too large a loophole in exempting plants that process less than \$15,000 of poultry per year, and excuses from some or all inspection requirements farmers who process poultry which they have raised even if the amount is over \$15,000 per year. A \$15,000 volume at wholesale prices could be over 30,000 chickens. The danger to consumers would not be eliminated, and the unfair competition with producers and processors of greater volume would be given the blessing of the law.

In addition, we recommend that two variations from the Wholesome Meat Act which are presently in S. 2932 but which were deleted by the House in H.R. 16363, should also be changed in S. 2932 if that is the bill which your committee reports favorably. These deal with (1) provision for review of state programs by the U.S. Secretary of Agriculture. The League recommends that the review should be done *annually* and that the results of the review should be reported to the Congress annually. The other section of S. 2932 which differs from the Wholesome Meat Act [section 5(a)(1)] deletes the word "mandatory" from the ante mortem and post mortem inspection, reinspection and sanitation requirements which are demanded of the states. This is a serious omission, both because it may be used by the courts in future cases to conclude that Congress did not intend mandatory inspection, since the Meat Act specifically includes it, and because as Dr. C. A. Brandly of the University of Wisconsin in the *Public Health Reports* of May 25, 1951 stated "rigid ante mortem and post mortem inspection *must* precede and accompany . . . programs to eradicate the avian reservoirs of infection."

The National Consumers League, therefore, hopes you will give serious consideration to our recommendations for the changes in S. 2932 and H.R. 16363, and that your Committee will do all it can to achieve enactment of a Poultry Inspection Act which will offer as good protection to poultry consumers as that given to meat consumers by last year's Wholesome Meat Act. We thank the Subcommittee for its consideration of this important legislation designed to protect both the health of consumers and the spirit of fair competitive practices in our economy. Speedy enactment of a good Wholesome Poultry Product Act will be a benefit to producers, to labor, and to the consumers in our great country.

VERGENNES, VT.

Senator WINSTON PROUTY,
U.S. Senate,
Washington, D.C.

DEAR SENATOR PROUTY: The Vermont Turkey industry is deeply concerned about the pending legislation to amend the Poultry Products Inspection Act.

We are not in disagreement with what is trying to be accomplished by S2846, namely, the assurance of proper sanitation and wholesomeness of the products which we produce. If some individuals in our industry are not now cognizant of the importance of producing sanitary, wholesome products we want the situation corrected.

However, it should be pointed out that the Vermont Turkey industry and indeed the Turkey industry of the Northeast is founded on many small businesses. We are small operators when compared to the large integral complexes in other areas. It should also be pointed out that our production costs are higher. Investment in the land and buildings is high, feed and labor costs and other costs are high making direct marketing of our product essential if we are to realize a profit.

We are serving a market which would go unserved if we could not exist. In fact we were several thousand birds short for local demand last year. Most of our business is dependent upon a premium market for fresh-killed unfrozen turkey and a relatively large amount of service provided by the producer-processor.

It has been our experience that consumers are willing to pay premium prices for our products. They buy our products because they want the fresh dressed and prepared products which we offer and not because they feel sorry for us or want to support our inefficiencies, nor because they understand our higher costs and are willing to support them.

The majority of our producers grow and market a few hundred or a few thousand turkeys each year. The family operation is typical. We serve customers in our immediate areas for the most part. We are close to the consumer. In fact many of them come to the farm to purchase their turkeys and personally inspect our facilities.

Our industry is willing to comply with further practical regulations which will permit us to remain in business. However, our fear is that if we are made to comply with regulations designed for the large processor our turkey industry will be eliminated. The cost of meeting the specifications as outlined in the Poultry Products Inspection Act would be prohibitive. We believe that practical regulations can be arranged which, while not exempting us from proper supervision to assure consumer protection, need not at the same time eliminate an economic agricultural enterprise in Vermont and the Northeast.

It is hoped that our situation will not be overlooked as S2846 is considered.

Sincerely yours,

GEORGE N. KNEESHAW,
President, Vermont Turkey Growers Association.

DEPARTMENT OF AGRICULTURE,
 STATE OF NEBRASKA,
Lincoln, Nebr., April 11, 1968.

Hon. ROMAN L. HRUSKA,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HRUSKA: This is in follow-up to your correspondence to us regarding the above-named matter.

Word has reached us that the full committee of the House has now acted favorably on the Purcell Bill, H.R. 16363. Therefore, we presume the Senate Committee on Agriculture and Forestry will be considering poultry and poultry products inspection in the near future.

We shall appreciate your inserting the following statement of position into the Committee record at the time hearings are conducted:

S. 2486

This bill simply provides for the extension of Federal inspection to all poultry and poultry products for human consumption.

We oppose this kind of legislation on the grounds that it usurps the power of the State to regulate within its own borders, and, thereby, is contrary to the Constitutional rights of the States as sovereign powers.

Furthermore, the Federal Inspection Service would have to spread itself too

thin to accomplish a satisfactory job of inspection on all plants within a State; and to attempt this would mean expending unprecedented amounts of money. A State-Federal program of inspection is a much more logical and practical approach.

S. 2932—H.R. 16363

This proposed legislation is a "carbon copy" of the Wholesome Meat Act, except for appropriate changes in language to accommodate poultry and poultry products and to provide editorial changes.

Therefore, we have the same objections as were voiced with respect to the meat inspection legislation voted out by the Senate and the final conference version which was signed into law.

Section 5 of S. 2932 embodies a serious violation of the Constitutional rights of the States to control commerce within their own boundaries. This is a dangerous precedent to set in the field of regulatory supervision and is wholly foreign to the accepted procedures in food and agriculture areas involving the Federal and State governments.

The climate created by statute in the past has been conducive to creating and maintaining a harmonious and cooperative working relationship between the U.S. Department of Agriculture and the States. In fact, under many programs, the U.S. Department of Agriculture officials serving in a given State have done so "at the pleasure" of the State.

The provisions of S. 2932, on the contrary, provide for a very radical change by setting up the U.S. Secretary of Agriculture with dictatorial authority. It is serious enough when (as has happened in other areas of activity) the Federal government offers funds to a State, the use of which is severely restricted with stipulations; the provisions of S. 2932 allow the U.S. Secretary of Agriculture to override State participation completely, if he is not satisfied with its action.

Furthermore, this type of legislation is not in the long-run best interest of the persons whom it is supposedly designed to protect, by assuring clean and wholesome products. The interest of wholesomeness and sanitation with respect to poultry and poultry products, as with meat and meat products, can best be served by joint State-Federal cooperative programs. Under such arrangement, the Federal government can provide the necessary coordination, assurance of uniformity, and lead the way in employee training and other similar areas, while the States can assume primary operational jurisdiction for the program.

The language of the bills which the Senate Committee will consider encourages the States to leave the entire inspection job up to the Federal government. Such action would result in a very expensive program for the taxpayers to shoulder and one which would not produce the most effective results.

Specifically, we recommend the following deletions to S. 2932:

- (1) Beginning with the word "In" on line 22, page 14, through line 2, page 15.
- (2) Beginning with line 16, page 16, and continuing through line 22, page 19.
- (3) Beginning with the word "not" in line 24, page 19, and continuing to the "comma" in line 1, page 20.
- (4) Strike out the phrase "burdening of commerce" or the phrase "burdensome effect upon commerce" wherever this phraseology occurs in the proposed language.

The proposed legislation has important bearing on the State, and we appreciate your attention to the best interests of Nebraska.

Sincerely,

B. H. (BILL) JONES,
Acting Director.

AMERICAN FEDERATION OF LABOR
AND CONGRESS OF INDUSTRIAL ORGANIZATIONS,
Washington, D.C., June 25, 1968.

HON. EVERETT B. JORDAN,
Chairman, Subcommittee on Agricultural Research and General Legislation, Committee on Agriculture, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: In behalf of the American Federation of Labor and Congress of Industrial Organizations, I am writing to you in support of needed amendments to the Poultry Products Inspection Act of 1957.

Immediately following the successful enactment of the Wholesome Meat Act of 1967, the AFL-CIO Convention expressed the hope, in its Policy Resolution on Consumer Protection, that the new meat inspection law would be the "harbinger of needed Federal legislation to provide effective inspection of poultry and fish and additional measures to protect the consuming public."

We are very pleased that your subcommittee is proceeding to the immediate consideration of H.R. 16363, which was passed by the House of Representatives on June 13 and also several measures introduced in the Senate: S. 2846, S. 2932, and S. 3383 (Title I).

The problems in poultry inspection are parallel to those presented by the old meat inspection law. Although 87 percent of the over 12 billion pounds of poultry and poultry products are federally inspected, over 13 percent, or approximately 1.6 billion pounds, receives no federal inspection because it does not cross state lines.

State poultry inspection programs are either non-existent or inadequate. Only 4 or 5 states are generally considered to have reasonably effective mandatory inspection programs, and even these have shortcomings as to coverage or enforcement or both.

Over 400 million pounds of poultry processed in federally inspected plants is rejected because it is diseased or contaminated. How much greater must be the proportion of diseased and contaminated products reaching the public from uninspected plants, where no check exists to prevent it.

Assistant Secretary of Agriculture George Mehren has reported that a check made last January of poultry products in retail stores showed that one in every five carcasses from plants now under federal inspection "should have been condemned as unwholesome." Only 18 percent of those checked were fully satisfactory.

We urge that the strongest possible poultry inspection bill be reported out and speedily enacted into law. The most desirable solution is mandatory federal inspection of all poultry slaughter and processing operations, together with comprehensive modernization of the federal act itself.

Direct federal inspection provisions are included in S. 2846 and S. 3383.

We believe, however, that H.R. 16363, as passed by the House, represents a good, workable approach, along the lines of the Wholesome Meat Act of 1967. It is an improved version of the Administration bill, represented in the Senate by S. 2932, but it does contain certain damaging features which should be corrected in the bill to be reported by your subcommittee.

The chief damaging amendment made in the House was to provide that violations must be "knowingly" made in order for penalties to apply. To penalize violations only if intent can be proved is to vitiate the entire enforcement of the law. We cannot urge too strongly that this word be dropped throughout Section 9 of the bill. Such provision does not appear either in the Wholesome Meat Act or in the Food and Drug Act.

The House also approved an exemption of all plants which handle less than \$15,000 worth of poultry in a year. This exemption should be dropped or modified.

Finally it would be desirable for the bill to include a provision permitting states that do not intend to set up poultry inspection programs of their own to come under the federal program immediately if they wish rather than waiting out the two-year period given them for establishing their own inspection system.

We hope that your subcommittee will act favorably and promptly on a strong poultry inspection bill and respectfully ask that this letter be included in the hearing record.

I trust you will make this communication part of the hearings record on this legislation.

Sincerely yours,

ANDREW J. BIEMILLER,
Director, Department of Legislation.

U.S. SENATE,
COMMITTEE ON AGRICULTURE AND FORESTRY,
Washington, D.C., July 9, 1968.

HON. EVERETT JORDAN,
*Chairman, Subcommittee on Agricultural Research,
New Senate Office Building.*

DEAR EVERETT: I hereby submit for inclusion in the Record of the hearings on the various poultry and egg measures a copy of the article from the New England Journal of Medicine to which Dr. Sussman referred in his testimony.

Salmonella isolations were found in both plants. However, the article argues this calls for expanded monitoring efforts, not for abolition of inspection programs. The evidence on contaminated eggs also should be noticed.

With warmest regards.

Sincerely,

WALTER F. MONDALE.

[From the New England Journal of Medicine, June 30, 1966]

ISOLATION OF SALMONELLA FROM POULTRY¹

POULTRY PRODUCTS AND POULTRY PROCESSING PLANTS IN MASSACHUSETTS

(By Arthur N. Wilder, D.V.M.,² and Robert A. MacCready, M.D.³—Boston, Massachusetts, and Atlanta, Georgia)

The number of cases of salmonellosis reported in the United States has increased dramatically over the last twenty years.⁴ Much of this has been due to a greater awareness of the disease, a better utilization of existing laboratory facilities and intensified epidemiologic investigations. However, real increases in the incidence of salmonellosis have been documented as well.⁵ They undoubtedly may be explained by changing patterns of food consumption, and particularly by greater centralization and mechanization of food processing and production. These changes cause more people to be exposed at any one time to possible sources of salmonella contamination. A vivid example of such a large outbreak, made possible by large-scale processing and distribution, is described by Lundbeck et al.⁶

To gain a better understanding of the disease and improve the methods of prevention, it is necessary to know the source of infection and its means of spread. One approach to this problem is the survey method, whereby data are compiled to reveal both the reservoirs of salmonella organisms through the sampling of various foods and the distributions of salmonella serotypes in these reservoirs.

Poultry and poultry products are the sources most often incriminated in outbreaks of salmonellosis that are food borne.^{7, 8} It has been postulated that one of the means by which poultry become infected with salmonellas is through processing under conditions whereby presumably noninfected birds acquire salmonella organisms from a contaminated environment. Galton et al.,⁹ during studies in Florida, found salmonellas to be absent from apparently normal birds entering the processing plant, but the organisms could be isolated from the processing environment, iced poultry carcasses after processing and edible viscera. Schneider and Gunderson¹⁰ reported 4 salmonella serotypes on the skin of 4.4 percent of 1014 eviscerated chickens, and concluded that customary methods of sanitation in the plant did not eliminate the organisms. Morris and Ayres¹¹ isolated salmonellas from one third of the eviscerated carcasses examined during 2 studies in Iowa. Isolations were also made from final rinse water and drainage from chilled giblets. Sadler and his coworkers¹² recovered salmonella organisms from 3 per cent of the birds examined in California plants. Walker¹³ observed that the total bacterial counts from the skins of birds rose during processing, but nevertheless found no salmonellas in a study of 6 processing plants.

To determine the level of salmonellas in poultry reaching the consumer, various authors have examined dressed poultry carcasses from retail markets. Wood-

¹ From the Institute of Laboratories, Massachusetts Department of Public Health, Boston, and the Communicable Disease Center, Atlanta.

Assisted by a training grant (A1-221) from the National Institutes of Health.

² Formerly, Epidemic Intelligence Service Officer, Communicable Disease Center (present address, Scarsdale, New York).

³ Director, Diagnostic Laboratories, Institute of Laboratories, Massachusetts Department of Public Health; lecturer on applied microbiology, Harvard School of Public Health.

⁴ Annual Summary 1963. *Communicable Disease Center Salmonella Surveillance Report* No. 19 pp. Atlanta, Georgia: United States Public Health Service, November 13, 1964.

⁵ MacCready, R. A., Reardon, J. P., and Saphra, I. Salmonellosis in Massachusetts: sixteen-year experience. *New Eng. J. Med.* 256:1121-1128, 1957.

⁶ Lundbeck, H., Plazikowski, U., and Silverstople, L. Swedish salmonella outbreak of 1953. *J. Appl. Bact.* 18:535-548, 1955.

⁷ Quist, K. D. Salmonellosis in poultry. *Pub. Health Rep.* 78:1071-1073, 1963.

⁸ United States Department of Health, Education, and Welfare, Public Health Service, National Office of Vital Statistics. *Vital Statistics of the United States*. Vol. 12. *Morbidity and Mortality Weekly Report*. Washington, D.C.: Government Printing Office, October 25, 1963. P. 348.

⁹ Galton, M. M., Mackel, D. C., Lewis, A. L., Haire, W. C., and Hardy, A. V. Salmonellosis in poultry and poultry processing plants in Florida. *Am. J. Vet. Research* 16:132-137, 1955.

¹⁰ Schneider, M. D., and Gunderson, M. F. Investigators shed more light on salmonella problem. *United States Egg & Poultry Magazine* 55:10, 1922.

¹¹ Morris, T. G., and Ayres, J. C. Incidence of salmonella on commercially processed poultry. *Poultry Sci.* 39:1131-1135, 1960.

¹² Sadler, W. W., Yamamoto, R., Adler, H. E., and Stewart, G. F. Survey of market poultry for Salmonella infection. *Appl. Microbiol.* 9:72-76, 1961.

¹³ Walker, H. W., and Ayres, J. C. Incidence and kinds of microorganisms associated with commercially dressed poultry. *Appl. Microbiol.* 4:345-349, 1956.

burn¹⁴ found 27 per cent of 264 dressed carcasses to be salmonella positive in a survey of 19 retail stores. Wilson and his associates¹⁵ noted 24 per cent of chicken giblets and 13 to 21 per cent of chicken parts to be salmonella positive. Felsenfeld et al.¹⁶ reported that 5 per cent of poultry purchased during 1943-1949 in Chicago markets were positive for salmonellas.

In addition to poultry as a source of salmonella, eggs, particularly in the bulk, frozen form, have frequently been implicated in outbreaks of food-borne salmonellosis.^{17,18} Ager¹⁹ stated that 24 per cent of 1758 samples of frozen eggs contained the organisms. A total of 21 different serotypes were recovered. The Utah State Health Department¹⁷ reported 7.8 per cent of 166 samples of frozen egg to be contaminated. Thatcher and Montford²⁰ found 27 of 114 frozen whole eggs to contain salmonellas in Canada.

To determine the level of salmonella contamination in poultry and poultry products in Massachusetts, a study was designed to examine dressed poultry from retail markets and the processing procedures that these birds undergo before reaching the market. Furthermore, a survey was conducted to detect the presence of salmonellas in canned frozen eggs used in commercial food preparation. The majority of these frozen eggs were from out-of-state packers.

To study the processing procedures for poultry, 2 plants were chosen. One was under the United States Department of Agriculture's poultry inspection program; the other was not under any active inspection. Our purpose was to determine the following points: the level of salmonella contamination within the 2 plants; whether the salmonellas were being introduced regularly through the feces of carrier birds; the level of salmonella contamination in dressed birds going to the retail markets after processing; whether the organisms persisted and multiplied within the plants after introduction; and whether the federal inspection program altered the level of contamination within the plants. Samples were obtained from the 2 plants at various intervals over a twelve-month period, December 23, 1963, to January 4, 1965.

Dressed poultry of the broiler-fryer type were purchased from 8 retail markets from January 11 to May 6, 1965, and included birds from 9 processing plants.

Samples of frozen eggs were obtained from 7 cold-storage warehouses from December 3, 1963, to November 17, 1965, and included products from 8 egg-breaking firms.

The samples studied were obtained in co-operation with the Division of Food and Drugs of the Massachusetts Department of Public Health and the United States Food and Drug Administration, Boston, Massachusetts.

PLANT DESCRIPTION

Uninspected Plan A was the smaller of the 2 facilities, having half the floor space of inspected Plant B. The processing equipment was crowded together and frequently inaccessible for proper sanitizing and cleaning during processing. The processing line was often understaffed and at times moved too rapidly. When this occurred, birds often fell off the line, or if improperly processed by an undermanned station, were removed from the line and stacked on the floor by an employee of the next station. The birds remained there, sometimes up to an hour, until someone was available to replace them on the line for reprocessing. The birds then continued with the others through the remaining processing stations. It is obvious that these birds were likely to become contaminated while on the floor, and could go on to contaminate both machinery and employees' hands, from which uninfected birds could acquire the salmonella organisms via mechanical transfer.

¹⁴ Woodburn, M. Incidence of Salmonella in dressed broiler-fryer chickens. *Appl. Microbiol.* 12:492, 1964.

¹⁵ Wilson, E., Paffenbarger, R. S., Jr., Foter, M. J., and Lewis, K. H. Prevalence of Salmonellae in meat and poultry products. *J. Infect. Dis.* v09: 166-171, 1961.

¹⁶ Felsenfeld, O., Young, V. M., and Yoshimura, T. Survey of salmonella organisms in market meat, eggs, and milk. *J. Am. Vet. M. A.* 116: 17-21, 1950.

¹⁷ Newman, E., Jenkins, A. A., Howard, P. N., and Goldsby, J. B. Outbreak of gastroenteritis due to Salmonella heidelberg. *Communicable Disease Center Salmonella Surveillance Report No. 28*, 17 pp. Washington, D.C.: Government Printing Office, August 21, 1964. Pp. 3-6.

¹⁸ *Communicable Disease Center Salmonella Surveillance Report No. 29*, 17 pp. Washington, D.C.: Government Printing Office, September 28, 1964. P. 16.

¹⁹ Ager, E. A. Follow up of report of outbreak of salmonellosis occurring in college in Washington. *Communicable Disease Center Salmonella Surveillance Report No. 20*, 15 pp. Atlanta, Georgia: United States Public Health Service, January 6, 1964. Pp. 9-11.

²⁰ Thatcher, F. S., and Montford, J. Egg-products as source of Salmonellae in processed foods. *Canad. J. Pub. Health* 53: 61-69, 1962.

The chilling vats, for whole birds and edible viscera in uninspected Plant A, frequently contained water of a bloody consistence and were rarely replenished with fresh ice. The edible viscera and chicken necks frequently remained and soaked in the contaminated chilling vats (Table 1) before being conveyed to the wrapping table, which subsequently became a heavily contaminated area yielding 23 isolates of salmonella out of 57 samples (40.4 per cent).

In contrast the federally inspected facility (Plant B) was well staffed, had machinery that was accessible to cleaning during processing and rarely had the problem of birds falling from the line, but if they did they were promptly discarded. All the chilling vats had low isolation rates (Table 1) and contained visibly clear water with frequent additions of fresh ice. Birds were chilled in 2 consecutive ice-water vats, eliminating any prolonged soaking in one area, as compared to 1 vat for the uninspected plant. The overall plant sanitation was high, and employees were cleaner and neater than at Plant A. In view of these sanitary conditions it is not surprising that relatively few salmonellas were isolated from the plant environment (Table 1).

TABLE 1.—ISOLATION OF SALMONELLA BY SWAB TESTING AND WHOLE SAMPLES OF VARIOUS MATERIALS AND AREAS IN 2 POULTRY-PROCESSING PLANTS

Source	Uninspected plant A			Inspected plant B		
	Number of samples	Samples positive	Percent	Number of samples	Samples positive	Percent
Cloacal swabs on live chickens.....	168	1	0.6	150	0	0
Feather-removal machine.....	8	1	12.5	1	0	0
Hands, gloves, and aprons of employees.....	19	2	10.5	23	5	21.7
Slit knife and poultry shears.....	15	4	26.7	29	1	3.5
Inedible-viscera trough.....	36	13	36.1	24	2	8.4
Head-removal machine.....	26	11	42.3	21	4	19.0
Whole bird before spray wash.....	157	26	16.6	117	11	9.4
Whole bird after spray wash.....	137	7	5.1	132	3	2.3
Whole-bird chilling vat.....	54	11	20.4	78	5	6.4
Whole-bird chilling-vat overflow water.....	22	4	18.2	(1)	-----	-----
Whole bird after chilling.....	173	14	8.1	175	13	7.4
Liver-conveying trough.....	9	5	55.6	16	1	6.3
Gizzard-conveying trough.....	6	3	50.0	18	0	0
Gizzard-peeling machine.....	34	6	17.6	27	1	3.7
Gizzard and liver water conveyor and chilling vat.....	45	14	31.1	66	1	1.5
Neck water conveyor and chilling vat.....	40	11	27.5	(1)	-----	-----
Neck-removal machine.....	(1)	-----	-----	28	2	7.1
Edible viscera and edible-viscera wrapping table.....	57	23	40.4	44	1	2.3
Chicken parts and cutting-up table.....	64	20	31.2	38	4	10.5
Total.....	1,070	176	16.5	987	54	5.5

¹ Are not present in plant.

MATERIALS AND METHODS

Samples of birds and equipment in the processing plants were obtained by the use of sterile cotton-tipped swabs. To sample the sides of poultry carcasses in various stages of processing, the swab was rubbed repeatedly over an area averaging 8 by 18 cm. Environmental and equipment samples were obtained by swabbing of the desired surfaces or by repeated immersion of the swab into fluid areas. Cloacal swabs were taken from live birds just before exsanguination and usually contained a scanty amount of fecal matter. In certain cases, especially when the material was fluid, whole samples were taken by means of sterile wooden tongue depressors and sterile 133-ml. polypropylene containers. Swab samples were immediately placed into plastic test tubes (Falcon),²² 16 by 150 mm., containing 10 ml. of sterile selective enrichment medium. Initially, tetrathionate broth (Difco) with the addition of brilliant green and sulfadiazine was used as a selective enrichment medium, but later was replaced by selenite-brilliant-green-sulfur-enrichment broth (Difco) owing to the convenience of a completely dehydrated totally prepared medium with equivalent efficiency.²³

²² Trade names and names of manufacturers are given for identification purposes only. Their mention does not constitute an endorsement by the authors or sponsoring agencies.

²³ Osborne, W. W., and Stokes, J. L. Modified selenite brilliant-green medium for isolation of *Salmonella* from egg products. *Appl. Microbiol.* 3: 295-299, 1955.

Thirty-gram portions of whole samples were placed in 250-ml. Erlenmeyer flasks containing 100 ml. of the broth and 6 ml. of 10 per cent sodium tetradecyl sulfate (Tergitol No. 7), a wetting agent to aid in emulsification and dispersion of fat.²⁴ The inoculated broths were incubated for eighteen to twenty-four hours at 37° C. Two loopfuls were then streaked to brilliant-green agar (Difco), containing 8 mg. of sodium sulfadiazine per 100 ml. of agar.^{25 26} After incubation at 37° C. for twenty-four hours typical salmonella colonies were picked and inoculated into 0.3 ml. of lactose-sucrose broth²⁷ in tubes 10 by 75 mm. Growth occurred in one to three hours, and tubes were then read for the presence or absence of acid production. This permitted immediate identification of any rapid lactose or sucrose fermenters. All acid producers were streaked to MacConkey agar (BBL) for purity. After incubation for twenty-four hours at 37° C. colonies with morphologic characteristics of salmonella were picked from the MacConkey plate and again inoculated into lactose-sucrose broth. All cultures giving negative results to lactate-sucrose broth (showing no acid production) were inoculated to Kligler's iron agar, sorbitol, adonitol and urea from the broth. In addition, each culture was streaked to 1 quarter of a MacConkey plate to be examined for purity of culture after twenty-four hours' incubation at 37° C. This allowed us to recover salmonellas from the cultures showing positive urea reactions but appearing mixed on the purity plate. These cultures might otherwise have been discarded on the basis of their urease production and the assumption of purity.

If the original brilliant-green-sodium-sulfadiazine plates appeared suggestive but no isolated colonies were evident, the sulfur-enriched broth was restreaked at forty-eight hours with the use of an isolation technic, or the growth in question was transferred to a fresh plate. Cultures characteristic of salmonella were tested for agglutination in polyvalent "O" diagnostic serums. Serotyping of cultures was performed through the courtesy of the Veterinary Public Health Laboratory, Communicable Disease Center, Atlanta, Georgia, and by the Diagnostic Laboratories, of the Institute of Laboratories, Massachusetts Department of Public Health, Boston, Massachusetts.

Frozen-egg samples were obtained from 16-liter egg tins by the following procedure: lids on the cans were wiped clean mechanically with detergent and removed; a steel auger, 2.5 cm. in diameter, in a 1.2-cm. power drill was used to bore a core of egg from the center of each can chosen for sampling; the egg shavings were removed with a sterile spatula and placed in 133-ml. sterile polypropylene containers; and the auger was washed and rinsed twice between samples and was flamed in a portable propane torch (Benz-o-matic). Frozen-egg shavings were immediately transported to the laboratory, where 30-gm. portions were placed in 250-ml. Erlenmeyer flasks containing 100 ml. of nutrient broth for pre-enrichment.^{28 29 30 31} Samples were incubated for eighteen to twenty-four hours at 37° C., and 1 ml. of the nutrient broth was transferred to 10 ml. of the sulfur-enriched broth in plastic tubes 16 by 150 mm. These tubes were incubated for twenty-four hours at 37° C. Two loops of broth were streaked to the agar plates, and the procedure previously described was followed.

Dressed broiler-fryer chickens purchased from retail stores were transported to the laboratory and were then sampled aseptically. Thirty grams of meat and skin from the posterior portion of the bird and 30 gm. of liver, gizzard and heart were minced separately and placed into 2 250-ml. Erlenmeyer flasks containing 100 ml. of the sulfur-enriched broth and 6 ml. of 10 per cent sodium tetradecyl sulfate. After incubation for forty-eight hours at 37° C. 2 loops of broth were transferred to the agar plates, and 1 loop to matching MacConkey plates, and the procedure described above was then followed.

²⁴ Galton, M. M., Lowery, W. D., and Hardy, A. V. Salmonella in fresh and smoked pork sausage. *J. Infect. Dis.* 96: 232-235, 1954.

²⁵ Galton, M. M., Scatterday, J. E., and Hardy, A. V. Salmonellosis in dogs. I. Bacteriological, epidemiological and clinical considerations. *J. Infect. Dis.* 91: 1-5, 1952.

²⁶ Galton, M. M., Boring, J. R., and Martin, B. S. Salmonella in foods: review of methods for isolation and suggested procedure. *Communicable Disease Center, USDHEW, PIHS*, 20 pp. Atlanta, Georgia: United States Public Health Service.

²⁷ MacCreedy, R. A., and Holmes, M. B. Time-saving method for identification of enteric pathogens. *Am. J. Pub. Health* 43: 285-288, 1953.

²⁸ Dack, G. M., Symposium on methodology for Salmonella in food. *Bact. Rev.* 19: 275, 1955.

²⁹ North, W. R., Jr. Lactose pre-enrichment method for isolation of Salmonella from dried egg albumen: its use in survey of commercially produced albumen. *Appl. Microbiol.* 9: 188-195, 1961.

³⁰ Sugiyanam, H., Dack, G. M., and Lippitz, G. Agglutinating antiserum for isolation of Salmonella with special reference to isolation from egg albumen. *Appl. Microbiol.* 8: 205-209, 1960.

³¹ Taylor, W. I., and Silliker, J. H. Isolation of Salmonellae from food samples. IV. Comparison of methods of enrichment. *Appl. Microbiol.* 9: 484-486, 1961.

RESULTS

Poultry-Processing Plants

Twenty-eight surveys were made at varying intervals during the period December 26, 1963, to January 4, 1965, in 2 processing plants (A and B). Plant B was under the federal inspection system; Plant A was not. The findings are summarized in Tables 1 and 2. The areas chosen for sampling were identical in function in both plants, although physical structure did vary. The sampling areas indicated by asterisks in Table 1 were not present in the plant. All areas sampled, chosen from the 18 possible sampling areas in uninspected Plant A and 17 possible sampling areas in inspected Plant B, were predetermined before arrival at the particular plant during all surveys.

Of the 2057 samples obtained from within the 2 plants, 230 (11.2 per cent) were positive for salmonella organisms (Table 2). The majority of these isolates were made at the uninspected facility (Plant A). Of 1070 samples from Plant A 176 (16.5 per cent) were salmonella positive. Of 987 samples from Plant B 54 (5.5 per cent) were salmonella positive. Only 1 of the total 318 cloacal swabs obtained in both plants was positive for salmonellas. Salmonella organisms were distributed throughout the environment of both plants, but more extensively in uninspected Plant A. Isolates were obtained from virtually every sampling area. In Plant A the areas yielding the largest numbers of salmonellas were those maintained at the lowest sanitary level with infrequent cleaning during processing. In addition, the areas in which the product was undergoing extensive human handling yielded high numbers of salmonella organisms.

The following areas serve as examples: 55.6 per cent of 9 samples taken from the liver-conveying trough were positive for salmonella organisms in uninspected Plant A (in inspected Plant B 6.3 per cent of 16 samples from this area were positive); 42.3 per cent of 26 samples taken from the head-removal machine were positive in Plant A (in Plant B 19 per cent of 21 samples were positive); 40.4 per cent of 57 samples taken from the edible viscera and edible-viscera wrapping table were positive in Plant A (in Plant B 2.3 per cent of 41 samples were positive); 31.6 per cent of 36 samples taken from the inedible-viscera trough were positive in Plant A (in Plant B 8.4 per cent of 24 samples were salmonella positive); 31.2 per cent of 64 samples taken from the chicken parts and cutting-up table were positive in Plant A (in Plant B 10.5 per cent of 38 samples were salmonella positive); and 31.1 per cent of 45 samples taken from the gizzard and liver water conveyor and chilling vats were positive in Plant A (in Plant B 1.5 per cent of 66 samples were positive).

TABLE 2.—ISOLATION OF SALMONELLA BY SWAB TESTING AND WHOLE SAMPLES OF VARIOUS MATERIALS AND AREAS

Source	Both plants A and B		
	Total culture samples	Total positive samples	Percent
Cloacal swabs on live chickens.....	318	1	0.3
Feather-removal machine.....	9	1	11.1
Hands, gloves and aprons of employees.....	42	7	16.7
Slit knife and poultry shears.....	44	5	11.4
Inedible-viscera trough.....	60	15	25.0
Head-removal machine.....	47	15	31.9
Whole bird before spray wash.....	274	37	13.5
Whole bird after spray wash.....	269	10	3.7
Whole-bird chilling vat.....	132	16	12.1
Whole-bird chilling-vat overflow water.....	22	4	18.2
Whole bird after chilling.....	348	27	7.8
Liver-conveying trough.....	25	6	24.0
Gizzard-conveying trough.....	24	3	12.5
Gizzard-peeling machine.....	61	7	11.5
Gizzard and liver water conveyor and chilling vat.....	111	15	13.5
Neck water conveyor and chilling vat.....	40	11	27.5
Neck-removal machine.....	28	2	7.1
Edible viscera and edible-viscera wrapping table.....	101	24	23.8
Chicken parts and cutting-up table.....	102	24	23.5
Totals.....	2,057	230	11.2

In both plants the isolates made from the sides of birds were less after passage through the whole-bird spray wash (Table 1). *Salmonella* isolates were made in both plants from the chilling vats holding iced birds ready for market. In Plant A 11 of 54 samples were salmonella positive (20.4 per cent), and in Plant B 5 of 78 samples were salmonella positive (6.4 per cent). Although the isolation rate from the chilling vat in Plant A was greater swabs taken from the sides of iced birds leaving the chilling vat ready for market showed no significant difference between plants in the salmonella isolation rate, 8.1 per cent of 173 iced birds taken from Plant A and 7.4 per cent of 175 from Plant B being salmonella positive. It is doubtful whether these figures reflect the true level of contamination in these carcasses, for the swab is far from ideal as a sampling device. A truer figure can be seen in the survey of market poultry, in which birds from Plants A and B are included (Table 3).

Fourteen different salmonella serotypes were recovered during the 28 surveys (Table 4). None of the serotypes occurred with any regularity in either plant although some were isolated more frequently than others. For each survey there was usually 1 predominant serotype isolated, and this serotype was not the predominant one from the previous sampling day. This is best illustrated by the more extensive data from Plant A. On December 30, 1963, 8 of the 9 isolates were *S. blockley*. On January 10, 1964, the next survey, all the 16 isolates were *S. typhimurium* var. *copenhagen*. Eleven days later, 13 of the 15 isolates were *S. thompson*, and there were no isolates of *S. typhimurium* var. *copenhagen*. On January 27, 13 of 14 isolates were *S. typhimurium* var. *copenhagen*, and no isolates of *S. thompson*, the predominant serotype of the previous survey. The predominance of 1 serotype during a single survey can be further illustrated by the occurrence of all 15 isolates of *S. anatum* from 1 survey in Plant B and all 5 isolates of *S. kentucky* from 1 survey in Plant A.

During 14 of the 15 surveys undertaken in Plant A and in 11 of 13 in Plant B salmonella organisms were isolated. The most that any particular serotype was isolated in Plant A was during 6 of 15 surveys (*S. blockley*) and in Plant B during 3 of 13 surveys (*S. blockley*). The mean number of salmonella isolates per survey in Plant A was 11.7, and that in Plant B, 2.1. During 8 surveys in Plant A more than 8 salmonella organisms were isolated. During these 8 surveys the ratio of salmonella-positive areas to total areas sampled was high, ranging from 6:12 (50 per cent) to 10:14 (71.4 per cent). At Plant B the results show that in only 2 surveys were more than 8 salmonellas isolated, and the ratios of salmonella-positive areas to total areas sampled were 5:15 (33.3 per cent) and 7:12 (58.3 per cent).

TABLE 3.—ISOLATION OF SALMONELLAS FROM DRESSED BROILER AND FRYER CHICKENS, ACCORDING TO PLANT OF ORIGIN (JANUARY TO MAY 1965)¹

Processor	Number of birds purchased	Number of birds positive for salmonella	Percent
A.....	80	39	48.7
B.....	45	13	28.8
C.....	21	20	95.2
D.....	19	13	68.4
E.....	8	7	87.5
F.....	29	7	24.1
G.....	10	2	20.0
H.....	15	9	60.0
I.....	10	9	90.0
Total.....	237	119	50.2

¹ Plants A and B involved in previously mentioned studies; all plants federally inspected except plant A.

TABLE 4.—SALMONELLA SEROTYPES RECOVERED DURING SURVEYS (1963-65)

Serotype	Source (number of serotypes)				Totals
	Processing plant A	Processing plant B	Frozen eggs	Market poultry	
<i>Salmonella anatum</i>	0	15	8	0	23
<i>Salmonella bareilly</i>	0	0	4	0	4
<i>Salmonella blockley</i>	57	10	0	20	87
<i>Salmonella braenderup</i>	0	0	0	2	2
<i>Salmonella californica</i>	0	1	1	9	11
<i>Salmonella enteritidis</i>	0	1	0	4	5
<i>Salmonella dusseldorf</i>	0	0	0	3	3
<i>Salmonella give</i>	0	1	1	1	3
<i>Salmonella heidelberg</i>	29	10	8	28	75
<i>Salmonella infantis</i>	5	6	8	22	41
<i>Salmonella kentucky</i>	5	0	0	0	5
<i>Salmonella manhattan</i>	4	0	0	0	4
<i>Salmonella montevideo</i>	0	0	7	6	13
<i>Salmonella muenchen</i>	0	1	1	0	2
<i>Salmonella oranienberg</i>	0	0	17	0	17
<i>Salmonella poona</i>	0	0	0	3	3
<i>Salmonella schwarzengrund</i>	0	0	3	0	3
<i>Salmonella tennessee</i>	0	0	42	0	42
<i>Salmonella thompson</i>	19	5	33	3	60
<i>Salmonella typhimurium</i>	16	0	2	5	23
<i>Salmonella typhimurium</i> (var.) copenhagen.....	41	3	0	20	64
<i>Salmonella worthington</i>	0	0	3	2	5
Group C. 1:5 monophasic.....	0	0	3	0	3
Miscellaneous ¹		1	6		7
Totals.....	176	54	147	128	505

¹ *Salmonella* serotypes isolated only once.

Market poultry

In our survey of market poultry 237 dressed broiler-fryer chickens were examined from January 11 to May 6, 1965. These carcasses were processed by 9 different dressing plants, including Plants A and B.

The results are listed in Table 4 according to plant of origin. One hundred and nineteen (50.2 per cent) of 237 birds examined were positive for salmonella. In 65 birds (54.6 per cent) the organisms were isolated from both tail meat and giblets. In 28 birds (23.5 per cent) they were isolated from only the giblets, and in 26 (21.9 per cent) from only the tail meat. In 8 of the birds in which both the tail meat and giblets were positive for salmonella, different serotypes were isolated from the 2 areas. In 1 bird 2 serotypes were isolated from the tail-meat area.

One hundred and fifty-seven of these birds came from Government-inspected facilities, of which 50.4 per cent were found positive for salmonellas. All the plants with the exception of Plant A were under federal inspection.

In the majority of sampling groups 1 serotype predominated throughout the birds within each particular group.

Of the 2 plants (A and B) discussed previously, uninspected Plant A had 39 of 80 birds (48.7 per cent) and inspected Plant B 13 of 45 birds (28.8 per cent) positive for salmonella organisms. The distribution of serotypes isolated is shown in Table 4.

The overall finding of 50.2 per cent of 237 birds being positive for salmonellas (Table 3), among which 157 were Government inspected (50.4 per cent salmonella positive), further emphasizes the potential public-health hazards that these products present when either preparation or handling is improper.

Frozen eggs

Four hundred and fifty-six cans of unpasteurized frozen eggs were sampled during 11 surveys at varying intervals from December 3, 1963 to November 17, 1964. Of these, 363 were frozen whole eggs from which 142 (39.0 per cent) isolates of salmonella were made, 85 were frozen egg yolks from which 5 (5.9 per cent) isolates of salmonella were made and 8 were frozen egg whites, none of which were positive for salmonella (Table 5). Twenty-one different serotypes were isolated. *S. tennessee* and *S. thompson* were the serotypes most frequently isolated (Table 4), 28.6 and 23.1 per cent, respectively, of 147 isolates. In many of the egg lots sampled, multiple serotypes were isolated.

TABLE 5.—ISOLATION OF SALMONELLA FROM FROZEN-EGG PRODUCTS (1963-1964)

	Frozen whole eggs		Frozen egg yolks		Frozen egg whites	
	Number of samples	Samples positive for salmonella (percent)	Number of samples	Samples positive for salmonella (percent)	Number of samples	Samples positive for salmonella
Egg-breaking plants:						
A	31	6 (19.4)	42	3 (7.1)	-----	-----
B	10	0 (0)	3	0 (—)	5	0 (—)
C	60	29 (50.0)	-----	-----	-----	-----
D	99	47 (47.5)	25	0 (—)	-----	-----
E	25	3 (12.0)	-----	-----	-----	-----
F	60	51 (85.0)	-----	-----	-----	-----
G	28	3 (10.7)	15	2 (13.3)	3	0 (—)
H	50	3 (6.0)	-----	-----	-----	-----
Total	363	142 (39.0)	85	5 (5.9)	8	0 (—)

DISCUSSION

Some of the factors that may account for differences in the isolation rates between the 2 plants studied (Table 1) are as follows: the available working space; the plant layout; and the variations in methods of processing.

The low isolation rates from cloacal swabs of live birds entering the plants may not reflect the true salmonella carrier rate. The majority of these swabs contained cloacal mucus and only a scanty amount of fecal material. It is believed that a single cloacal swab to detect salmonella-carrying birds is meaningful only if positive. Similar results have been reported in fecal swabs when swine and horses have been tested.³¹

The chicken flocks processed by these plants were drawn from the same geographic area and raised in an equivalent manner; thus there was no reason to assume any difference in the carrier rate of birds coming to slaughter. Although the actual fecal carrier rate is not known salmonellas were isolated from fecal material deposited in the inedible-viscera trough (Table 1) during the evisceration procedure. A comparison of the isolation rates from this sampling area in the 2 plants should not be made. In Plant B the trough was constantly being cleaned with running water, which diluted the intestinal contents and rapidly removed the fecal material. In Plant A this material was allowed to accumulate and only occasionally washed away. Plant A yielded the greatest number of isolates from this area. Salmonella were recovered from this area in 10 of 14 surveys during which samples were taken from the inedible-viscera trough. The serotypes recovered from this area in all 10 surveys were those most commonly isolated from the entire plant on each survey day.

The data presented showing the predominance of different salmonella serotypes isolated on consecutive sampling dates (Table 5) lead us to believe that birds harboring salmonella organisms do come to slaughter frequently but in small numbers. When sanitary conditions are poor and processing procedures inadequate, these carrier birds can contaminate many areas and other birds, resulting in a highly contaminated environment, as in Plant A.

The data presented demonstrate that when large numbers of salmonellas are isolated during a survey, the ratios of positive areas to total areas sampled are consistently high. The data indicate that the salmonellas did not persist and multiply within the plants between consecutive sampling periods but that new serotypes continued to enter the plant, and dissemination of these organisms probably occurred through mechanical transfer during concurrent processing. In view of the lack of serotype persistence it can be assumed that terminal sanitization after the day's processing was adequate at Plant A, but was at a minimum during processing. No samples could be acquired before the day's processing began or after terminal sanitization.

In inspected Plant B high sanitary standards are credited with preventing the rapid spread throughout the environment of entering salmonella organisms. In only 2 of 13 surveys were more than 8 salmonellas recovered, versus 8 of 15 surveys in uninspected Plant A.

³¹ Galton, M. M. Smith, W. V., McElrath, H. B., and Hardy, A. V. Salmonella in swine, cattle and environments of abattoirs. *J. Infect. Dis.* 95: 236-245, 1954.

It is obvious that the present federal inspection system for poultry cannot ensure a pathogenic-free product. The consumer expects that a product processed under governmental supervision is free of disease-producing organisms, and every effort should be made to produce a pathogen-free product.

Nevertheless, the federal inspection program for poultry does play an integral and important part in the production of a product that is acceptable to the consumer and at least grossly free of disease. The program also institutes a sanitary code that to a large extent is effective in reducing the spread of salmonellas throughout the plant environment. However, it is not effective in detecting the presence of the organisms in the product or the plant environment. If the goal of the inspection program is to produce a product free of pathogenic organisms a microbiologic monitoring system as a part of the program should be begun. It is only through this means that pockets of infection in the environment, and poor processing technic can be detected, and appropriate steps taken to remedy these conditions.

The results of our frozen-egg survey emphasize the public-health hazards of the use of these bulk egg products in foods not thoroughly cooked, especially in high-risk groups such as infants, the elderly, chronically ill and patients after operations. The incrimination of these products as a reservoir of salmonellas is not surprising in view of the low grade of eggs, some of which may be cracked, frequently going into this product. In addition, the common practice of thawing these products at room temperature allows for multiplication of the salmonella organisms present, and results in a highly contaminated vehicle, with obvious consequences.

It was encouraging to read of the announcement by the United States Department of Agriculture that as of June, 1965, all liquid or frozen egg products, produced by plants operating under voluntary United States Department of Agriculture inspection, must be pasteurized or tested and found free of salmonellas.³⁵ It is now up to the various state regulatory agencies to follow with similar regulations for those plants not under Department inspection, and thus to ensure purchasers of these products a wholesome pathogen-free product similar to the status of pasteurized milk.

SUMMARY AND CONCLUSIONS

Data are presented on the prevalence of salmonella in 2 poultry-processing plants, market poultry and frozen bulk eggs.

Bacteriologic examination of 2057 samples from within the plants yielded 230 (11.2 per cent) cultures positive for salmonellas. The results indicate that the organisms do not persist and multiply within the plants but that new serotypes are continually being reintroduced. Only 1 of 318 cloacal swabs of birds entering the plants was positive for salmonellas although isolates were made from fecal material deposited on equipment within the plants. Fourteen different salmonella serotypes were recovered from the 2 plants during 28 surveys.

Sixteen and five-tenths per cent of 1070 samples in the uninspected plant and 5.5 per cent of 987 samples in the inspected plant were positive for salmonella organisms. It is believed that higher sanitary standards as well as superior plant design are responsible for the overall lower isolation rates in the inspected facility. Although the inspected facility (Plant B) had higher sanitary standards, and fewer salmonellas were isolated than in Plant A, the levels of organisms in the finished carcasses were similar in both plants. Eight and one-tenth per cent of 173 finished carcasses from Plant A and 7.4 per cent of 175 finished carcasses from Plant B were found positive for salmonellas by swab sampling methods.

Examination of market poultry yielded 50.2 per cent of 237 dressed chickens positive for salmonella organisms. One hundred and fifty-seven birds were from Government-inspected facilities, of which 80 (50.4 per cent) were salmonella positive. Fourteen different salmonella serotypes were recovered. Eighty of these birds were from Plant A, of which 39 (48.7 per cent) were positive, and 45 from Plant B, of which 13 (28.2 per cent) were salmonella positive.

Four hundred and fifty-six cans of unpasteurized frozen eggs were examined. Of these 363 were frozen whole eggs from which 142 salmonella isolates were made (39.0 per cent), and 85 were frozen egg yolks from which 5 isolates of salmonella were made (5.9 per cent). Twenty-one different serotypes were isolated.

These studies emphasize the need for microbiologic monitoring of the poultry-processing procedure and the pasteurization of all frozen-bulk-egg products.

³⁵ Communicable Disease Center Salmonella Surveillance Report No. 35. 15 pp. Washington, D.C.: Government Printing Office, March 27, 1965. Pp. 6 and 7.

Our results, which reveal poultry and frozen whole eggs as large reservoirs of salmonella organisms, emphasize the potential public-health hazards of handling and preparing these food products improperly. The need for adequate health education in this area is self-evident.

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LEGISLATIVE HISTORY
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DIGEST OF PUBLIC LAW 90-488

AMENDMENTS TO CONSOLIDATED FARMERS HOME ADMINISTRATION ACT OF 1961. Amends the Consolidated Farmers Home Administration Act of 1961 to: Include enterprises needed to supplement farm income and conversion of farms to recreation among the purposes for which loans may be made under subtitles A (real estate) and B (operating). Increase the annual development grant authority under section 306 from \$50 million to \$100 million. Increase the annual grant authority for comprehensive planning of water or sewer systems from \$5 million to \$15 million. Extend to October 1, 1971, the period within which grants may be made to assist financing water and waste disposal projects before the completion of a comprehensive plan. Remove until October 1, 1971, the \$450 million aggregate annual ceiling on insured loans for farm ownership, soil and water conservation, the development of rural community water and waste disposal systems, and for grazing and recreation areas. Increase from \$50 million to \$100 million the amount of loans that can be held at one time in the Agricultural Credit Insurance Fund pending sale. Remove the proviso that 75 percent of the funds available for operating loans be restricted to loans of \$15,000 or less while retaining the limit of \$35,000 per loan. Authorize the Secretary of Agriculture to release valueless liens. Remove the 5-percent maximum interest rate on operating loans and establish a rate equal to 1 percent more than the current average market yield on outstanding marketable United States obligations adjusted to the nearest one-eighth of 1 percent.

INDEX AND SUMMARY OF S. 1504

- Apr. 13, 1967 Sen. Aiken and others introduced and Sen. Aiken discussed S. 1504 which was referred to Senate Agriculture and Forestry Committee. Print of bill and remarks of Sen. Aiken.
- July 17, 1967 Sen. Aiken discussed S. 1504. Print of remarks of Sen. Aiken.
- Aug. 22, 1967 Senate subcommittee approved S. 1504.
- Aug. 25, 1967 Senate committee reported S. 1504 with amendments. S. Report 504. Print of bill and report.
- Aug. 28, 1967 Senate passed S. 1504 as reported.
- Aug. 29, 1967 S. 1504 was referred to House Agriculture Committee. Print of bill as referred.
- June 27, 1968 Rep. Poage introduced H. R. 18209 which was referred to House Agriculture Committee. Print of bill as introduced.
- July 1, 1968 House committee voted to report H. R. 18209.
- July 3, 1968 House committee reported H. R. 18209 with amendments. H. Report 1635. Print of bill and report.
- July 23, 1968 House Rules Committee reported a resolution for consideration of H. R. 18209. H. Res. 1272. H. Rept. 1775. Print of resolution and report.
- Aug. 2, 1968 House passed H. R. 18209 as reported; then passed S. 1504 with an amendment (to insert the language of H. R. 18209). H. R. was tabled.
- Senate agreed to House amendment to S. 1504.
- Aug. 15, 1968 Approved: Public Law 90-488.
- President's statement when signing.

Hearings: Senate Agri. and Forestry Committee on S. 1479.

House Agriculture Committee: Misc. Hg. Serial WW.

*These hearings
are available
elsewhere and
are not included
herein.*

90TH CONGRESS
1ST SESSION

S. 1504

IN THE SENATE OF THE UNITED STATES

APRIL 13, 1967

Mr. AIKEN (for himself, Mr. MANSFIELD, Mr. ALLOTT, Mr. ANDERSON, Mr. BAKER, Mr. BARTLETT, Mr. BAYH, Mr. BENNETT, Mr. BIBLE, Mr. BREWSTER, Mr. BROOKE, Mr. BURDICK, Mr. BYRD of West Virginia, Mr. CANNON, Mr. CARLSON, Mr. CASE, Mr. CHURCH, Mr. CLARK, Mr. COOPER, Mr. COTTON, Mr. CURTIS, Mr. DIRKSEN, Mr. DODD, Mr. DOMINICK, Mr. EASTLAND, Mr. ELLENDER, Mr. ERVIN, Mr. FANNIN, Mr. FONG, Mr. FULBRIGHT, Mr. GRUENING, Mr. HANSEN, Mr. HARRIS, Mr. HART, Mr. HARTKE, Mr. HATFIELD, Mr. HAYDEN, Mr. HICKENLOOPER, Mr. HILL, Mr. HOLLINGS, Mr. HRUSKA, Mr. INOUE, Mr. JACKSON, Mr. JAVITS, Mr. JORDAN of North Carolina, Mr. JORDAN of Idaho, Mr. KENNEDY of Massachusetts, Mr. KENNEDY of New York, Mr. KUCHEL, Mr. LAUSCHE, Mr. LONG of Missouri, Mr. LONG of Louisiana, Mr. MAGNUSON, Mr. MCCARTHY, Mr. MCCLELLAN, Mr. MCGEE, Mr. MCGOVERN, Mr. MCINTYRE, Mr. METCALF, Mr. MILLER, Mr. MONDALE, Mr. MONRONEY, Mr. MONTOYA, Mr. MORSE, Mr. MOSS, Mr. MUNDT, Mr. MURPHY, Mr. MUSKIE, Mr. NELSON, Mr. PASTORE, Mr. PEARSON, Mr. PELL, Mr. PERCY, Mr. PROUTY, Mr. PROXMIRE, Mr. RANDOLPH, Mr. RIBICOFF, Mr. SCOTT, Mr. SMATHERS, Mrs. SMITH, Mr. SPARKMAN, Mr. SPONG, Mr. STENNIS, Mr. SYMINGTON, Mr. TALMADGE, Mr. THURMOND, Mr. TOWER, Mr. TYDINGS, Mr. WILLIAMS of New Jersey, Mr. WILLIAMS of Delaware, Mr. YARBOROUGH, Mr. YOUNG of North Dakota, and Mr. YOUNG of Ohio) introduced the following bill; which was read twice and referred to the Committee on Agriculture and Forestry

A BILL

To amend the Consolidated Farmers Home Administration Act of 1961, as amended, to provide for loans to supplement farm income, authorize loans and grants for community

centers, remove the annual ceiling on insured loans, increase the amount of unsold insured loans that may be made out of the fund, raise the aggregate annual limits on grants, establish a flexible loan interest rate, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That the Consolidated Farmers Home Administration Act
4 of 1961, as amended, is further amended as follows:

5 The first sentence of section 303 is amended to read as
6 follows: "Loans may be made or insured under this subtitle
7 for (1) acquiring, enlarging, or improving farms, including
8 farm buildings, land and water development, use and conser-
9 vation, (2) recreational uses and facilities, (3) enterprises
10 needed to supplement farm income, (4) refinancing existing
11 indebtedness, and (5) loan closing costs."

12 SEC. 2. Amend section 306 (a) (1) by striking the word
13 "and" after the words "disposal facilities", and adding after
14 the words "recreational development", the words "and to
15 provide in rural areas community centers necessary for com-
16 munity programs of health, recreation, and similar services
17 and activities,"; by amending section 306 (a) (2) by striking
18 the word "or" after the word "water" and inserting in lieu
19 thereof a comma and inserting after the word "waste" a
20 comma and the following: "or for community centers"; and

1 by amending section 306 (a) (7) by inserting after the
2 word "projects" the words "and community centers".

3 SEC. 3. Section 306 (a) (2) is amended by changing
4 "\$50,000,000" to "\$150,000,000."

5 SEC. 4. Section 306 (a) (6) is amended by changing
6 "\$5,000,000" to "\$25,000,000."

7 SEC. 5. Section 307 (a) is amended by striking the
8 second sentence and inserting in lieu thereof: "Loans made
9 or insured under this subtitle, except loans to public bodies
10 whose obligations bear interest not subject to Federal income
11 tax, shall bear interest at a rate established by the Secretary
12 equal to the sum of the annually estimated average yield to
13 maturity, on the basis of closing market quotations or prices,
14 as of January 1, preceding establishment of the rate by the
15 Secretary, on all outstanding marketable public obligations
16 of the United States which are neither due nor callable for
17 redemption for ten years or more, adjusted to the nearest
18 one-eighth of 1 per centum, plus an additional rate not ex-
19 ceeding 1 per centum per annum: *Provided*, That such inter-
20 est rate shall not exceed $5\frac{1}{2}$ per centum per annum. Such
21 loans to such public bodies shall bear interest at the average
22 rate, as determined by the Secretary of the Treasury, pay-
23 able by the Treasury upon its marketable public obligations

1 outstanding at the beginning of the fiscal year in which the
2 loan is made, which are neither due nor callable for redemp-
3 tion for fifteen years from date of issue.”

4 SEC. 6. Section 308 is amended by striking out the
5 comma and the phrase “, aggregating not more than
6 \$450,000,000 in any one year,”.

7 SEC. 7. Section 309 (f) is amended by changing the
8 figure “\$50,000,000” to “\$100,000,000.”

9 SEC. 8. Section 312 is amended by (a) revising sub-
10 section (4) to read as follows: “(4) financing land and
11 water development, use, and conservation;” (b) inserting
12 new items (5) and (6) to read as follows: “(5) recrea-
13 tional uses and facilities; (6) enterprises needed to supple-
14 ment farm income;” and (c) by renumbering the present
15 items “(5), (6), and (7)” to “(7), (8), and (9).”

16 SEC. 9. Section 316 is amended by (a) striking from
17 the first sentence “at an interest rate not to exceed 5 per
18 centum per annum,” and (b) adding at the end of the
19 section the following: “Such loans shall bear interest at
20 a rate established by the Secretary equal to the sum of
21 the annually estimated average yield to maturity, on the
22 basis of closing market quotations or prices, as of January 1
23 preceding establishment of the rate by the Secretary, on all
24 outstanding marketable public obligations of the United
25 States which are neither due nor callable for redemption

1 for ten years or more, adjusted to the nearest one-eighth
2 of 1 per centum, plus an additional rate not exceeding 1
3 per centum per annum: *Provided*, That such interest rate
4 shall not exceed $5\frac{1}{2}$ per centum per annum."

A BILL

To amend the Consolidated Farmers Home Administration Act of 1961, as amended, to provide for loans to supplement farm income, authorize loans and grants for community centers, remove the annual ceiling on insured loans, increase the amount of unsold insured loans that may be made out of the fund, raise the aggregate annual limits on grants, establish a flexible loan interest rate, and for other purposes.

By Mr. AIKEN, Mr. MANSFIELD, Mr. ARLOFF, Mr. ANDERSON, Mr. BAKER, Mr. BARTLETT, Mr. BAYH, Mr. BENNETT, Mr. BIBLE, Mr. BREWSTER, Mr. BROOKE, Mr. BRIDICK, Mr. BYRD of West Virginia, Mr. CANNON, Mr. CARLSON, Mr. CASE, Mr. CHURCH, Mr. CLARK, Mr. COOPER, Mr. COTTON, Mr. CURTIS, Mr. DIRKSEN, Mr. DODD, Mr. DOMINICK, Mr. EASTLAND, Mr. ELLENDER, Mr. ERVIN, Mr. FANNIN, Mr. FONG, Mr. FULBRIGHT, Mr. GRUENING, Mr. HANSEN, Mr. HARRIS, Mr. HART, Mr. HARKE, Mr. HATFIELD, Mr. HAYDEN, Mr. HICKENLOOPER, Mr. HILL, Mr. HOLLINGS, Mr. HRUSKA, Mr. INOUYE, Mr. JACKSON, Mr. JAVITS, Mr. JORDAN of North Carolina, Mr. JORDAN of Idaho, Mr. KENNEDY of Massachusetts, Mr. KENNEDY of New York, Mr. KUCHEL, Mr. LAUSCHE, Mr. LONG of Missouri, Mr. LONG of Louisiana, Mr. MAGNUSON, Mr. MCCARTHY, Mr. MCCLELLAN, Mr. MCGEE, Mr. MCGOVERN, Mr. MCINTYRE, Mr. METCALF, Mr. MILLER, Mr. MONDALE, Mr. MONRONEY, Mr. MONTGOMERY, Mr. MORSE, Mr. MOSS, Mr. MUNDT, Mr. MURPHY, Mr. MUSKIE, Mr. NELSON, Mr. PASTORE, Mr. PEARSON, Mr. PEIL, Mr. PERCY, Mr. PROUTY, Mr. PROXMIRE, Mr. RANDOLPH, Mr. RIBICOFF, Mr. SCOTT, Mr. SMATHERS, Mrs. SMITH, Mr. SPARKMAN, Mr. SPONG, Mr. STENNIS, Mr. SYMINGTON, Mr. TALLEADE, Mr. THURMOND, Mr. TOWER, Mr. TYDINGS, Mr. WILLIAMS of New Jersey, Mr. WILLIAMS of Delaware, Mr. YARBOROUGH, Mr. YOUNG of North Dakota, and Mr. YOUNG of Ohio

APRIL 13, 1967

Read twice and referred to the Committee on
Agriculture and Forestry



United States
of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 90th CONGRESS, FIRST SESSION

Vol. 113

WASHINGTON, THURSDAY, APRIL 13, 1967

No. 55

Senate

The Senate met at 11:30 o'clock a.m., and was called to order by Hon. CARL HAYDEN, the President pro tempore.

Bishop W. Earl Ledden, bishop of the Methodist Church, Wesley Theological Seminary, Washington, D.C., offered the following prayer:

O Thou God of our fathers and our God: We lift our prayer for Thy honored servants in this Chamber who now must bear the heat and burden of yet another demanding day. Be Thou their strength and sure defense. In such an hour, O Lord, grant them a sense of Thy sustaining presence. Give strength of body and clarity of mind. Bless them with a sense of historical perspective, with freshened sensitivity to human values, an appreciation of what is really important, a commitment to what is right in Thy sight. When duties are so many and tasks so heavy, when demands are beyond reason and burden beyond endurance, then, by Thy mercy, grant renewal of strength to run and not be weary, to walk and not faint. Thus refresh and renew Thy servants standing before Thee, and empower them this day, we pray, for the faithful discharge of their high duty before men and history and Thy divine judgment. In the name of Christ, our Lord. Amen.

THE JOURNAL

On request of Mr. MANSFIELD, and by unanimous consent, the reading of the journal of the proceedings of Wednesday, April 12, 1967, was dispensed with.

COMMITTEE MEETINGS DURING SENATE DEBATE

On request of Mr. MANSFIELD, and by unanimous consent, all committees were authorized to meet during the session of the Senate today.

LIMITATION ON STATEMENTS DURING TRANSACTION OF ROUTINE MORNING BUSINESS — RECOGNITION OF SENATOR DOMINICK

Mr. MANSFIELD. Mr. President, I ask unanimous consent that statements in relation to routine morning business be limited to 3 minutes, starting at the conclusion of the speech of the distin-

guished Senator from Colorado [Mr. DOMINICK].

The PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER OF BUSINESS

The PRESIDENT pro tempore. Under the previous order, the Chair recognizes the Senator from Colorado [Mr. DOMINICK].

Mr. DOMINICK. Mr. President, I yield to the distinguished Senator from Vermont [Mr. AIKEN].

AMENDMENT OF CONSOLIDATED FARMERS HOME ADMINISTRATION ACT OF 1961

Mr. AIKEN. Mr. President, in 1965, when Senator MANSFIELD and I first offered a bill to authorize Federal grants for rural water supply systems, I pointed out that the greatest obstacle to the development of our rural communities was their inability to provide modern facilities to attract new residents to the country and keep established residents in rural areas.

One of these handicaps was the lack of modern water systems.

The bill was subsequently enacted virtually without opposition, with the sponsorship of 93 Senators, with an additional House provision authorizing grants for rural sewer systems as well.

It was the rural electrification system, through our REA cooperatives, that brought about the almost total electrification of our rural areas.

With electrification came growth that exceeded the most optimistic dreams of 30 years ago.

Rural water and sewer systems are beginning to open up opportunities for development, and will permit thousands of new residents to come into our rural communities.

Many of them will bring with them industries and payrolls for workers who will be gainfully employed far from the big cities.

Water and sewer systems are only a beginning.

We also need additional facilities to make small towns more attractive to more people.

We are therefore offering additional amendments today to the Consolidated Farmers Home Administration Act of 1961.

These amendments would authorize loans and grants for improving or constructing community centers in rural areas.

A number of my colleagues have talked to me about this need and the importance of providing legislative authority to make loans and grants for such facilities.

The bill we are offering would also permit loans to farmers to establish non-farm enterprises on their farms; provide for comprehensive planning of water and waste disposal systems; increase the amount of loans that might be made from and held by the agricultural credit insurance fund at any one time; provide a flexible interest rate for loans; increase the water and sewer grant authorization from \$50 million to \$150 million; and increase water and sewer planning funds from \$5 million to \$25 million.

Another very important provision is one recommended by the President earlier this year, for which I wish to commend him; namely, eliminate the \$450 million ceiling on the annual insured loan authorizations for loans to individual farmers and rural groups.

This is an especially important provision, if we are to make credit available to realize the growth needs of our rural areas.

One final point, Mr. President. There have been efforts recently to advance new programs for rural areas on the excuse that our rural areas are poverty-ridden and need the so-called poverty money.

Our recommendations are based on no such premise, Mr. President.

Our rural communities suffer primarily from underdevelopment, rather than poverty.

Our farmers and the residents of small farm towns are justly proud of their communities.

They have many modern improvements, but they deserve parity of modern necessities with those who live in the cities.

It is for the purpose of encouraging and assisting rural development rather than dealing with the bugaboo of rural poverty that this bill is offered on behalf of the senior Senator from Montana, the

majority leader [Mr. MANSFIELD] and myself.

I offer this bill for appropriate reference and ask unanimous consent that a copy of the bill, as well as an analysis, be printed in the RECORD.

The PRESIDENT pro tempore. The bill will be received and appropriately referred; and, without objection, the bill and analysis will be printed in the RECORD.

The bill (S. 1504) to amend the Consolidated Farmers Home Administration Act of 1961, as amended, to provide for loans to supplement farm income, authorize loans and grants for community centers, remove the annual ceiling on insured loans, increase the amount of unsold insured loans that may be made out of the fund, raise the aggregate annual limits on grants, establish a flexible loan interest rate, and for other purposes, introduced by Mr. AIKEN (for himself and Mr. MANSFIELD), was received, read twice by its title, referred to the Committee on Agriculture and Forestry, and ordered to be printed in the RECORD, as follows:

S. 1504

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Consolidated Farmers Home Administration Act of 1961, as amended, is further amended as follows:

The first sentence of section 303 is amended to read as follows: "Loans may be made or insured under this subtitle for (1) acquiring, enlarging, or improving farms, including farm buildings, land and water development, use and conservation, (2) recreational uses and facilities, (3) enterprises needed to supplement farm income, (4) refinancing existing indebtedness, and (5) loan closing costs."

SEC. 2. Amend section 306(a)(1) by striking the word "and" after the words "disposal facilities", and adding after the words "recreational development", the words "and to provide in rural areas community centers necessary for community programs of health, recreation and similar services and activities"; by amending section 306(a)(2) by striking the word "or" after the word "water" and inserting in lieu thereof a comma and inserting after the word "waste" a comma and the following: "or for community centers"; and by amending section 306(a)(7) by inserting after the word "projects" the words "and community centers".

SEC. 3. Section 306(a)(2) is amended by changing "\$50,000,000" to "\$150,000,000."

SEC. 4. Section 306(a)(6) is amended by changing "\$5,000,000" to "\$25,000,000."

SEC. 5. Section 307(a) is amended by striking the second sentence and inserting in lieu thereof: "Loans made or insured under this subtitle, except loans to public bodies whose obligations bear interest not subject to Federal income tax, shall bear interest at a rate established by the Secretary equal to the sum of the annually estimated average yield to maturity, on the basis of closing market quotations or prices, as of January 1 preceding establishment of the rate by the Secretary, on all outstanding marketable public obligations of the United States which are neither due nor callable for redemption for 10 years or more, adjusted to the nearest one-eighth or 1 per centum, plus an additional rate not exceeding 1 per centum per annum, provided that such interest rate shall not exceed 5½ per centum per annum. Such loans to such public bodies shall bear interest at the average rate, as determined by the Secretary of the Treasury, payable by the Treasury upon its marketable

public obligations outstanding at the beginning of the fiscal year in which the loan is made, which are neither due nor callable for redemption for 15 years from date of issue."

SEC. 6. Section 308 is amended by striking out the commas and the phrase "aggregating not more than \$450,000,000 in any one year."

SEC. 7. Section 309(f) is amended by changing the figure "\$50,000,000" to "\$100,000,000."

SEC. 8. Section 312 is amended by (a) revising subsection (4) to read as follows: "(4) financing land and water development, use, and conservation;" (b) inserting new items (5) and (6) to read as follows: "(5) recreational uses and facilities; (6) enterprises needed to supplement farm income;" and (c) by renumbering the present items "(5), (6) and (7)" to "(7), (8) and (9)."

SEC. 9. Section 316 is amended by (a) striking from the first sentence "at an interest rate not to exceed 5 per centum per annum," and (b) adding at the end of the section the following: "Such loans shall bear interest at a rate established by the Secretary equal to the sum of the annually estimated average yield to maturity, on the basis of closing market quotations or prices, as of January 1 preceding establishment of the rate by the Secretary, on all outstanding marketable public obligations of the United States which are neither due nor callable for redemption for ten years or more, adjusted to the nearest one-eighth of 1 per centum, plus an additional rate not exceeding 1 per centum per annum, provided that such interest rate shall not exceed 5½ per centum per annum."

The section-by-section analysis presented by Mr. AIKEN is as follows:

SECTION-BY-SECTION ANALYSIS OF PROPOSED BILL TO AMEND THE CONSOLIDATED FARMERS HOME ADMINISTRATION ACT OF 1961

Section 1. Section 303 *Farm Ownership Loans-Nonfarm Enterprises*. This amendment will broaden this section by authorizing loans to farm families for establishing nonfarm enterprises, such as providing buildings needed for repair shops or for marketing of locally produced products. The enterprise will be established on the applicant's farm. Such a loan will be made when the applicant cannot reasonably increase his farm income by development or purchase of additional land or through off-farm employment.

Section 2. Section 306(a) (1), (2), and (7). *Loans and Grants for Community Centers*.

This bill will amend Section 306(a) (1) to authorize direct and insured loans to associations, including corporations not operated for profit, and to public and quasi-public agencies to provide community centers in low-income rural areas. The community centers may be acquired or constructed.

The bill will amend Section 306(a) (2) to provide for grants not to exceed 50 percent of the development cost of such projects. Such community centers include structures and related facilities, as well as the land necessary for the site, needed to enable the community to carry out or participate in programs of health, recreational, social, and other necessary community services and activities. Such services and facilities financed under this Section would meet a pressing need in the area that cannot be met from other sources.

The bill will amend Section 306(a) (7) to permit the making of loans and grants for community centers in any town having a population of 5,500 or less.

Sections 3 and 4. Section 306(a) (2) and (6). *Association Grant Authorizations*. The amendment to Section 306(a)(2) would increase the amount of development grants that could be made in a fiscal year for water

and waste disposal projects from the present limit of \$50 million to \$150 million. Until very recently there has been no place for many rural communities to turn for assistance in the development of public facilities for water and waste disposal. The economic base of many rural communities is so limited that provisions for the most basic urban-type facilities are not possible without some grant assistance.

The amendment to Section 306(a)(6) would increase from \$5 million to \$25 million the maximum amount of grants that could be made annually for the preparation of comprehensive plans for the development of water and sewer systems.

Sections 5 and 9. Section 307(a) and 316. *Flexible Interest Rate to Borrowers*. Direct and insured soil and water loans to individuals and nonprofit corporations, as well as direct operating loans and direct and insured farm ownership loans would, in lieu of the present maximum rate of 5 percent, have a flexible interest rate tied to current yields on long-term Treasury borrowings.

The rate for borrowers whose interest payments are subject to Federal income taxes would be equal to the prevailing average market yield on Government obligations with remaining noncall periods of at least 10 years, estimated annually as of January 1, plus not more than one percent per annum, subject to an overall ceiling of 5.5 percent per annum. Under this formula, interest rates would be determined largely by market conditions prevailing at the beginning of the year in which loans are approved.

The interest rate on loans to public agencies whose interest payments are not subject to Federal income tax would be flexible. It would be based on the average rate payable by the Treasury upon its marketable public obligations which are not due or callable for 15 years from the date of issue. This flexible interest rate is similar to that provided for loans to public bodies in small watershed projects under the Watershed Protection and Flood Prevention Act.

Section 6. Section 308. *Elimination of Annual Limit on Insurance Authority*.

This amendment will remove the \$450,000,000 aggregate annual ceiling so as to permit the making of insured loans to eligible applicants commensurate with the demand. Insured loans are made under this authority for farm ownership, individual soil and water, and association purposes. Because of the extremely high demand for loans in rural communities for water and waste disposal projects and for farm ownership loans, the authorization has been exhausted during the first nine months of each of the past three years.

Section 7. Section 309(f). *Increase in Amount of Loans Initially Held in the Agricultural Credit Insurance Fund*.

This amendment will increase from \$50 million to \$100 million the amount of loans that can be made from and held at any one time in the Agricultural Credit Insurance Fund pending initial sale. This change will permit a smoother flow of loans through the fund and eliminate delays in issuing loan checks. It will permit accumulation of blocks of loans to be sold to lenders interested only in large investments. It will also permit holding loans in the fund during short periods of higher than normal interest rates. The purpose is to enable the Government to meet the credit needs of rural families more effectively and expeditiously.

Section 8. Section 312 (5) *Operating Loans-Nonfarm Enterprises*. The new item 212 (5) will enable qualified applicants to receive operating loans for small nonfarm enterprises, such as providing equipment for repair shops, processing, and transportation facilities where needed to supplement farm income. This will help farm families toward full employment and a chance to achieve economic stability in situations where farm-

ing alone will not produce adequate income for a reasonable standard of living.

Mr. MANSFIELD. Mr. President, will the Senator yield briefly?

Mr. AIKEN. I yield.

Mr. MANSFIELD. I wish to second the remarks made by the distinguished senior Senator from Vermont and to say that I thoroughly approve of what he is advocating and am honored to be a co-sponsor of the bill.

I think that, while we have been placing so much stress on the urbanized areas of this country, we have not given sufficient attention to and have indeed neglected the needs of the rural segments of our economy.

The type of legislation which was introduced by the distinguished Senator from Vermont over a year ago has proved its applicability and highly efficient effect as far as water systems are concerned. At the same time, its success is only a recognition of the fact that much more needs to be done—and on a legitimate basis, not on a poverty basis. The needs of our rapidly dwindling rural population simply must be met. The farmers of the Nation must be enabled to continue to farm, and those who have left the farm hopefully may be brought back, all in the interest of our country. I thank the Senator for his interest in this and other matters affecting our rural economy.

Mr. AIKEN. I thank the Senator. The results of the rural sewer and water systems bill, approved about 2 years ago, has far exceeded expectations. I think about one thousand communities have taken advantage of it. It is my recollection that about four thousand are awaiting to derive benefits from the service which that bill will provide. This bill makes it possible to more fully, and sooner, develop the rural communities, rather than see them go into the role of poverty dependencies.

ORDER OF BUSINESS

Mr. DOMINICK. Mr. President, the order of yesterday provided that I be recognized for a half hour. If the majority leader does not object, I ask that I take my half hour starting now.

Mr. MANSFIELD. Yes, indeed; that was understood.

The PRESIDING OFFICER (Mr. BYRD of West Virginia in the chair). Is there objection? The Chair hears none, and it is so ordered. The Senator from Colorado is recognized for 30 minutes.

Mr. DOMINICK. Mr. President, I wish to express my appreciation to the Senator from Montana, who is, as usual, most cooperative in providing time for those of us who want to discuss subjects which we think are of real importance.

PUNTA DEL ESTE: ANOTHER OPPORTUNITY

Mr. DOMINICK. Mr. President, the war in Vietnam, where our men are fighting and dying for the cause of freedom, constitutes the major concern of our people and our Government. I support a strong American stand there.

But this week the eyes of our Nation focus on Latin America. There, at Punta del Este, Uruguay, the Presidents of the nations of the Western Hemisphere are meeting to consider the state of the nations represented in the Organization of American States.

As the Conference convenes, however, we find that four nations—Venezuela, Colombia, Guatemala, and Bolivia—are being ruled by martial law. This is the first time in the history of the OAS that four nations simultaneously have been forced to suspend constitutional guarantees because of the terrorist and guerrilla attacks mounted by the Communists. Costa Rica, Panama, Honduras, Peru, Ecuador, El Salvador, and other nations in that area are threatened by similar situations at the present time.

When we seek the reason, we find it in the Soviet power in Cuba. From Cuba, the Soviet Union is directing wars of subversion—not only against the Western Hemisphere but, indeed, against the free nations of Africa and Asia as well. Not only are the Russians behind this subversion; they brag openly about it.

The boasting is prevalent in the speeches of some of the highest officials in the Kremlin. In organizing the Tri-continental Conference on Subversion held in Havana last year, no less a functionary than Soviet Foreign Minister Andrei A. Gromyko rose in the chambers of the Supreme Soviet and told its members what Russia had in mind. He said:

The Soviet Union, in taking part in the Havana Conference will do everything to help consolidate the front of the struggle against imperialist aggression.

In plain Communist language, this means the Soviets are committed to a policy of worldwide subversion. The final target is, of course, the United States.

This is perfectly evident in the hostile anti-American message sent to the Tri-continental Conference in Havana by Soviet leaders Alexei N. Kosygin and Leonid I. Brezhnev. It reads, in part:

Today, Havana attracts the attention of all fighters against the forces of aggression and colonialism, and for the national and social liberation of all peoples . . . U.S. imperialists are challenging all progressive forces.

The message stresses that the United States is "binding the Latin American nations with imperialistic rope."

Sharaf R. Rashidov headed the 40-man Soviet delegation to Havana. As a candidate member of the Presidium of the Central Committee of the Communist Party of the Soviet Union, and First Secretary of the Party Central Committee of Uzbekistan, Rashidov's position at the Havana conference carried the full weight of Soviet policy. He endorsed "wars of national liberation," saying that the "common enemy is international imperialism, headed by the United States." The Soviet delegate then stated, "imperialism must be wiped off the face of the earth, once and for all."

Mr. President, these few words uttered by the Russian functionary describe better than several pages of text the goal of the Soviet policy. The aggression which we are witnessing in Vietnam is a concrete expression of Soviet policy—a policy of worldwide subversion.

Vietnam is no isolated brush-fire war, nor is it a civil war, as many would have us believe. It is only one confrontation among many. Indeed, the vital relationship of Vietnam to other wars of subversion was brought to light by Nguyen Van Tien, the chief Havana delegate of the so-called Vietnamese National Liberation Front—the Vietcong. He demanded world Communist support—parades, sit-ins and demonstrations—to undermine the moral basis for our defense of South Vietnam. And Tran Dinh Tuyen, the official North Vietnamese delegate to the Havana Conference, warned that victory in South Vietnam, or alternatively, the neutralization of U.S. military forces there, was prerequisite to the success of projected so-called wars of national liberation on other continents—the purpose for which the Havana conference actually was called.

I have quoted his words as evidence that what is happening in Latin America, as the Presidents meet in Punta del Este, is part and parcel of overall Communist strategy—specifically, Soviet strategy. The North Vietnamese delegate referred to "the vital bearing of the Vietnam question on our three continents and on the present situation of the entire world." What he means, I think, is if the will of the United States to win in Vietnam is sapped or undermined, there will be little disposition in this country to stand fast in other parts of the world.

Hanoi's delegate to Havana laid down conditions for "peace" in Vietnam that have no meaning other than the capitulation of the United States. One is that the United States recognize the Communist puppet, the National Liberation Front of South Vietnam. With this precedent established—and I see alarming evidence that there are powerful voices for establishing that precedent—the Communist aggressors would achieve a key victory and the free world a stunning loss. We would undercut ourselves in Latin America where the majority of countries have been battling so-called national liberation fronts for years.

There is little or no doubt in my mind that the voices virtually pleading for peace at any price, pleading for recognition of the Vietcong and, in general, giving the impression that the United States is not firm in its commitments to stop aggression, have had the effect of escalating guerrilla wars in Latin America. In fact, just last March 13, Fidel Castro was encouraged to brag that he could explode "a dozen Vietnams in Latin America."

Let us take the case of Colombia, considered by many among the brightest hopes for the Alliance for Progress. It boasts a popularly elected President, the distinguished Professor Carlos Lleras Restrepo, and a program of development which is unequalled in this hemisphere. Colombia, however, recently has been forced into a martial law situation. Why?

I shall quote a few of the alarms set off by President Lleras Restrepo himself. He made it clear that if the Cuban Com-

munists remain unchallenged, as they have for so many years, the future of his country is indeed bleak.

It is a fact—

Said the Colombian President—

that a foreign country is intervening in Colombia's internal affairs touching off guerrilla wars.

It has been found that subversives actually have been manufacturing arms clandestinely in Colombia's Ministry of Public Works. Cuban-trained guerrillas have penetrated the notorious bandit gangs of Colombia and have extorted more than a million dollars in ransom from relatives of 148 Colombian kidnapped civilians. Castorite guerrillas have even published maps dividing Colombia into five so-called independent Socialist republics. In one such "republic," Marquetalia, the guerrillas have managed to assert considerable pressure on the population. As in Vietnam, the populace there sometimes lives alternately under government and guerrilla control.

The Colombian Army has fought hard and well to eradicate the guerrilla bands. But those of us who are familiar with the topography of Colombia—its towering Andes and jungle hinterland—know how difficult it is to fight a defensive battle in such terrain. Cuban-trained Communist guerrilla leaders—among them Manuel Marulanda Velez, Ciro Castano and Fabio Vasquez—have full military support of a predatory Cuba. The Communists have created two huge war zones in Colombia—one in the mountains, another in the plains.

There is still another guerrilla force operating in Colombia: urban guerrillas who have infiltrated the universities, cultural institutions, and labor unions. What I regard as unimpeachable sources have informed me that these urban guerrillas number more than 20,000 and are organized into small action cells throughout the country. All receive material and moral support from the Russian base, Cuba. Nearly 20,000 soldiers are operating in the states of Santander, Santander del Norte, Magdalena, Valle and Huila. Four full Colombian battalions, comprising 8,000 men, are operating in only two of these States, trying to beat back constant assaults launched against the small towns and settlements in the interior of the country.

President Lleras Restrepo sketched some dimensions of the undeclared war against Colombia by Cuba. He said:

Guerrilla activities directed from abroad (meaning Cuba) entail a high cost . . . to preserve public order . . . that could be better spent for the direct benefit of the needy classes of our country.

Last November, Colombia was forced to impose drastic currency controls, but despite those controls over \$100 million have fled the country—some sent to the United States and the balance resting in unnumbered accounts in Swiss banks.

Two weeks ago Colombian President Lleras Restrepo admitted that the roots of Communist subversion have yet to be destroyed when he told his nation:

The marauding bands have never been completely destroyed, though they suffer setbacks at the hands of our Army units . . .

Then, alluding to the constant resupply of men and war materials from Cuba, the President added:

The machinery which trains and instructs the guerrillas remains intact and unchallenged.

Venezuela, Colombia's neighbor which also has been forced to rule through martial law, has 15,000 Regular Army troops committed to the battle against Cuban-trained rural and urban guerrillas. Bolivia, the third country suffering from Cuban-exported subversion and ruling by martial law, has 4,000 troops fighting guerrillas on the lofty plateaus of that Andean country. Mr. President, a graphic description of what is going on in Bolivia appeared in the Washington Post on April 11.

This article is entitled "Newsman Describes Guerrilla Base Established Deep in Bolivian Jungle." It was written by Murray Sayle, distinguished correspondent for the London Times.

In this article he shows the equipment they have: Field hospitals, caves, ovens, surgical supplies, other supplies, and weapons—all found deep in the jungles of Southeast Bolivia.

An article entitled "Brazil Rated Top Power Militarily Among Latins," under the dateline London, appeared in today's Washington Post.

Another article entitled "Martial Law Is Declared in Bolivia Zone," under the dateline La Paz, was published in today's Washington Post.

These two articles deal with the problems in Latin America which concern the military supplies and equipment that must be used by the Latin American countries.

It is reported that Cuba alone has more military people than does any other country of Latin America.

If I may be permitted to inject a personal item, I have a son operating in the Peace Corps in Bolivia who has recently written me saying that reports of the Communist-oriented guerrilla activities in Bolivia are constantly sweeping through the country and creating problems almost daily.

Mr. President, I ask unanimous consent to have the articles to which I have referred printed at this point in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Washington Post, Apr. 11, 1967]
NEWSMAN DESCRIBES GUERRILLA BASE ESTABLISHED DEEP IN BOLIVIAN JUNGLE

(By Murray Sayle)

NACHABHUAZU, BOLIVIA, April 10.—I have just returned from a four-day jungle patrol with the Bolivian Army, which discovered a strongly fortified base of Castro-type guerrillas deep in the Bolivian jungle.

The guerrilla activity first came to light when a Bolivian army patrol of six men was ambushed and wiped out on March 23 in the foothills of the Andes.

Two days later another patrol of 14 men and two officers, sent to look for the missing men, was captured, stripped of weapons and clothing, and released.

Our patrol inspected the expertly placed weapons pit in the cliffs from which the bloody ambush was sprung on March 23 and I began to doubt that this was the work of

marijuana smugglers, as many Bolivians believe.

Farther along we found a fully equipped field kitchen with a big oven capable of baking bread for at least 100 men. Near it were vegetable gardens and a butcher shop where mules had been cut up. From the condition of the meat I judged that the camp had been evacuated no more than three days ago.

A little farther along the trail, under the dense canopy of trees and creepers, was a well-equipped field hospital with empty packets of antibiotics, surgical dressings and instruments manufactured in Italy, Britain, West Germany and the United States.

The canvas covering of the big hospital tent had been taken away, but I saw an operating table and seats for patients to wait outside, all made of jungle timbers.

In a pile of rubbish near the hospital I found files of patients identified by their first names, and receipts from La Paz medical suppliers for \$5000 worth of medical equipment bought between Nov. 3 and Nov. 20 through a fictitious firm.

A hundred yards farther on was the dormitory area with latrines dug in proper military style and crude showers made of mule skins.

In this area were more than 50 homemade hand grenades. Grenades had been used to wipe out the earlier patrol.

Among the rubbish neatly raked from the dormitory area I found a picture of Che Guevara (the former lieutenant of Fidel Castro) taken in the jungle, and a copy of a speech by Gen. Vo Nguyen Giap, of North Vietnam, translated into Spanish, calling for an "armed struggle for national liberation of long duration with prolonged resistance leading to the eventual triumph of the people."

It was impossible that these could have been "planted" as I found them myself in the rubbish and the Bolivian patrol with me had never heard of Giap. The Guevara picture looked like an old one from the Cuban revolution.

[From the Washington Post, Apr. 13, 1967]
BRAZIL RATED TOP POWER MILITARILY AMONG LATINS

LONDON, April 12.—Brazil, Cuba and Argentina are the major Latin American military powers, according to an independent survey published here today.

The Institute of Strategic Studies, a London-based organization which analyzes military facilities, said Brazil's 194,000-man armed forces and \$485-million defense budget were easily the largest in the area in 1965, the year used for the study.

But, it said Cuba has a "well-trained militia" of 200,000 men in addition to its standing armed forces of 121,000 men. It said Cuba's 1965 defense budget of \$214 million, about 7.2 per cent of its gross national product, was the largest percentage spent by any of the three. Argentina spent 2.1 per cent, Brazil 3.2 per cent.

Argentina spent \$258 million on 132,000 men at arms.

The report noted that Haiti spent 25 per cent of the total government outlay in 1965, compared to Brazil's 16.2 per cent, Argentina's 15.3 and Cuba's 10.8.

Russian forces in Cuba have been cut to less than 3000 men, mostly advisers, the report said.

U.S. estimates put the total Soviet strength in Cuba at the time of the 1962 missile crisis at as many as 22,000 men. The report said Cuba's air force has 270 planes, including 45 Mig 21s.

MARTIAL LAW IS DECLARED IN BOLIVIA ZONE

LA PAZ, April 12.—Martial law went into effect in the guerrilla zone of southeastern Bolivia today following a clash Monday that left a reported 13 dead.

DIGEST of Congressional Proceedings

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HIGHLIGHTS: Sen. Williams, Del., criticized several alleged errors in USDA's reporting of farm payments. House committee voted to report cropland adjustment bill. Rep. Mahon inserted summary of action on budget estimates. Rep. Sisk praised Secretary Freeman's "record of solid achievement." Sen. Cooper introduced and discussed cropland adjustment bill. Sen. Baker introduced and discussed bill to provide assistance to certain processors of cotton.

SENATE

1. FARM PAYMENTS. Sen. Williams, Del., criticized alleged errors made in this Department's report on farm payments to certain farms in Ind., and inserted several letters correcting these errors. pp. S9754-5
2. FORESTRY. Sen. Morse inserted parts IV and V of the Forest Service and Bureau of Land Management's report "Review of Returns From Sales of Federal Timber." pp. S9741-50

Agreed to a resolution to print the annual report of the National Forest Reservation Commission. p. S9685

3. LOANS. Sen. Aiken discussed his bill S. 1504, to amend the Consolidated Farmers Home Administration Act of 1961, to provide for loans to supplement farm income, authorize loans and grants for community centers, remove the annual ceiling on insured loans, increase the amount of unsold insured loans that may be made out of the fund, and raise the aggregate annual interest rate, and requested a new printing of the bill with 93 cosponsors. p. S9685
 4. AIR POLLUTION. The Public Works Committee reported favorably with amendments, during adjournment on July 15, S. 780, to amend the Clean Air Act to improve and expand the authority to conduct or assist research relating to air pollutants (S. Rept. 403). pp. S9685-6
 5. CONSERVATION. Sen. Jackson announced hearing by a subcommittee of the Interior Committee for Aug. 7, on S. 217, the proposed Mined Lands Conservation Act. p. S9701
 6. FLOOD CONTROL. Sen. Carlson inserted several articles relating to flood damage in the Kan., Neb., and Mo. area and urging completion of flood control projects in this area. pp. S9702-3
 7. PUBLIC LANDS. Sens. Morse and Hatfield discussed and inserted a resolution passed by the Ore. Legislature urging Congress to appropriate funds necessary for rehabilitation of the public grazing lands in Ore. so that necessary watershed protection, natural beauty, and erosion control may be accomplished. pp. S9727-8
 8. RECREATION. Sen. Yarborough inserted an article in which Supreme Court Justice Douglas supports S. 4, to establish a Big Thicket National Park in Tex. pp. S9732-3
 9. HOUSING. Sen. Baker commended and inserted an article on "Senator Charles Percy's proposal to create a National Home Ownership Foundation." pp. S9753-4
- HOUSE
10. PROPERTY. The Agriculture Committee reported H. R. 472, to authorize the Department to purchase a land tract at Texas Southmost College (H. Rept. 486), and H. R. 547, to provide for establishment of the Pleasanton Plant Materials Center at a more suitable location (H. Rept. 487). p. H8804
 11. CROPLAND ADJUSTMENT. The Agriculture Committee voted to report (but did not actually report) H. R. 2375, amended, to amend the Food and Agriculture Act of 1965 to allow a producer to place a farm in the cropland adjustment program if the farm was acquired by the producer to replace a farm from which he was displaced because of Federal or State acquisition. p. D593
 12. WATERSHEDS. The Agriculture Committee approved the workplans for several watershed projects. p. D593
 13. FARM LABOR. Rep. Karth spoke in support of the bill to make the provisions of the National Labor Relations Act applicable to agriculture. p. H8731

ANNUAL REPORT OF THE NATIONAL FOREST RESERVATION COMMISSION

The resolution (S. Res. 140) to print as a Senate document the annual report of the National Forest Reservation Commission was considered and agreed to, as follows:

S. RES. 140

Resolved, That the annual report of the National Forest Reservation Commission for the fiscal year ended June 30, 1966, be printed with an illustration as a Senate document.

PRINTING AS HOUSE DOCUMENT CERTAIN MAPS AND INDICIA RELATING TO VIETNAM AND THE ASIAN CONTINENT

The concurrent resolution (H. Con. Res. 253) providing for the printing as a House document of certain maps and indicia relating to Vietnam and the Asian Continent was considered and agreed to.

OUR FLAG

The concurrent resolution (H. Con. Res. 346) to authorize the printing as a House document the pamphlet entitled "Our Flag" was considered and agreed to.

PRINTING FOR THE COMMITTEE ON VETERANS' AFFAIRS

The concurrent resolution (H. Con. Res. 348) authorizing certain printing for the Committee on Veterans' Affairs was considered and agreed to.

PRINTING FOR THE SELECT COMMITTEE ON SMALL BUSINESS

The concurrent resolution (H. Con. Res. 369) authorizing certain printing for the Select Committee on Small Business of the House of Representatives was considered and agreed to.

EXECUTIVE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate go into executive session to consider a nomination reported earlier today.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBVERSIVE ACTIVITIES CONTROL BOARD

The legislative clerk read the nomination of Simon F. McHugh, Jr., of the District of Columbia, to be a member of the Subversive Activities Control Board.

The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of this nomination.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE SESSION

On request of Mr. MANSFIELD, and by unanimous consent, the Senate resumed the consideration of legislative business.

RURAL WATER FACILITIES—PRINTING OF ADDITIONAL COPIES OF BILL

Mr. AIKEN. Mr. President, on April 13 of this year, the senior Senator from Montana [Mr. MANSFIELD] and I introduced S. 1504, a bill to amend the Consolidated Farmers Home Administration Act of 1961, as amended, to provide for loans to supplement farm income, authorize loans and grants for community centers, remove the annual ceiling on insured loans, increase the amount of unsold insured loans that may be made out of the fund, raise the aggregate annual limits on grants, establish a flexible loan interest rate, and for other purposes. This bill is really intended to supplement the Rural Water Facilities Act which was passed in 1965.

Soon after the introduction of S. 1504, I read into the RECORD the names of 13 additional Senators who desired to cosponsor the proposed legislation. Since that time, the number of Senators who desire to be cosponsors, has increased rapidly, and I will read the entire list at this time. Besides Senator MANSFIELD and myself, the list includes the following: MESSRS. ALLOTT, ANDERSON, BAKER, BARTLETT, BAYH, BENNETT, BIBLE, BREWSTER, BROOKE, BURDICK, BYRD of West Virginia, CANNON, CARLSON, CASE, CHURCH, CLARK, COOPER, COTTON, CURTIS, DIRKSEN, DODD, DOMINICK, EASTLAND, ELLENDER, ERVIN, FANNIN, FONG, FULBRIGHT, GRUENING, HANSEN, HARRIS, HART, HARTKE, HATFIELD, HAYDEN, HICKENLOOPER, HILL, HOLLINGS, HRUSKA, INOUE, JACKSON, JAVITS, JORDAN of North Carolina, JORDAN of Idaho, KENNEDY of Massachusetts, KENNEDY of New York, KUCHEL, LAUSCHE, LONG of Missouri, LONG of Louisiana, MAGNUSON, MCCARTHY, MCCLELLAN, MCGEE, MCGOVERN, MCINTYRE, METCALF, MILLER, MONDALE, MONRONEY, MONTOYA, MORSE, MOSS, MUNDT, MURPHY, MUSKIE, NELSON, PASTORE, PEARSON, PELL, PERCY, PROUTY, PROXMIER, RANDOLPH, RIBICOFF, SCOTT, SMATHERS, Mrs. SMITH, MESSRS. SPARKMAN, SPONG, STENNIS, SYMINGTON, TALMADGE, THURMOND, TOWER, TYDINGS, WILLIAMS of New Jersey, WILLIAMS of Delaware, YARBOROUGH, YOUNG of North Dakota, and YOUNG of Ohio.

I might say that of the seven Senators who are not cosponsors, some have indicated their intention of supporting the proposed legislation.

I understand that the supply of the original printing of S. 1504 is practically exhausted and that a new printing is necessary. Therefore, I ask unanimous consent that a new printing be made including the names of all 93 cosponsors of the proposed legislation.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. AIKEN. I yield.

Mr. MANSFIELD. Will the Senator state again just how many cosponsors there are to the Aiken bill?

Mr. AIKEN. To this bill, there are 93. Therefore, it appears that any possession goes out of AIKEN's hands and into the hands of 93 Members of this body, which is the same number of cosponsors that

the original Rural Water Facilities Act of 1965 had.

Mr. MANSFIELD. The Senator anticipated my question, because I was going to refer to the Aiken bill of 2 years ago, which had an identical number of cosponsors; and I am sure that the Budget Bureau, the administration, and the Senator will look upon this bill with favor.

Mr. AIKEN. The Budget Bureau did not follow the same track that it followed 2 years ago, when it opposed the proposed legislation. The administration has recommended some rather minor, mild amendments to the pending bill, but the success of the original act has been little short of astounding.

I see the Senator from California in the Chamber. I believe that his State now has 119 applications pending for rural water programs. There are over 4,200 applications from all 50 States.

Mr. KUCHEL. Mr. President, will the Senator yield?

Mr. AIKEN. I yield.

Mr. KUCHEL. Mr. President, I wish to recall that when the President was here many months ago for a luncheon with Senators, the President congratulated Senator AIKEN on this legislation and chided the Bureau of the Budget for its opposition.

Mr. AIKEN. He was a very effective ally in getting the legislation passed and I trust he will be equally effective in getting early approval of the supplemental legislation provided by S. 150.

Mr. KUCHEL. He was in a position to be helpful.

Mr. AIKEN. I believe the State of Texas as well as Mississippi now has some over 300 applications pending.

We hope, and I believe, he will have the same enthusiasm for this supplemental legislation that he had for the original bill 2 years ago.

ENROLLED BILL SIGNED DURING ADJOURNMENT

Under authority of the order of the Senate of July 13, 1967,

The VICE PRESIDENT announced that on July 14, 1967, he signed the enrolled bill (H.R. 10918) to authorize appropriations to the Atomic Energy Commission in accordance with section 261 of the Atomic Energy Act of 1954, as amended, and for other purposes, which had previously been signed by the Speaker of the House of Representatives.

REPORT OF A COMMITTEE SUBMITTED DURING ADJOURNMENT

Under authority of the order of the Senate of July 13, 1967,

Mr. MUSKIE, from the Committee on Public Works, reported favorably, with amendments, on July 15, 1967, the bill (S. 780) to amend the Clean Air Act to improve and expand the authority to conduct or assist research relating to air pollutants, to assist in the establishment of regional air quality commissions, to authorize establishment of standards applicable to emissions from establishments engaged in certain types of industry, to assist in establishment and main-

tenance of State programs for annual inspections of automobile emission control devices, and for other purposes, and submitted a report (No. 403) thereon, which was printed.

EXECUTIVE COMMUNICATIONS, ETC.

The PRESIDENT pro tempore laid before the Senate the following letters, which were referred as indicated:

PROPOSED FACILITIES TO BE UNDERTAKEN FOR AIR NATIONAL GUARD

A letter from the Deputy Assistant Secretary of Defense (Properties and Installations), reporting, pursuant to law, on proposed facilities to be undertaken for the Air National Guard (with accompanying papers); to the Committee on Armed Services.

REPORT ON DEPARTMENT OF DEFENSE PROCUREMENT FROM SMALL AND OTHER BUSINESS FIRMS

A letter from the Assistant Secretary of Defense (Installations and Logistics), transmitting, pursuant to law, a report on Department of Defense procurement from small and other business firms, for the period July 1966-May 1967 (with an accompanying report); to the Committee on Banking and Currency.

AMENDMENT OF DISTRICT OF COLUMBIA PUBLIC EDUCATION ACT

A letter from the Chairman, U.S. Civil Service Commission, Washington, D.C., transmitting a draft of proposed legislation to amend the District of Columbia Public Education Act (with accompanying papers); to the Committee on the District of Columbia.

PETITIONS AND MEMORIALS

Petitions, etc., were laid before the Senate, or presented, and referred as indicated:

By the PRESIDENT pro tempore:

A resolution of the Senate of the State of Ohio; to the Committee on Finance:

"OHIO SENATE RESOLUTION

"To memorialize the Congress of the United States to take action to provide the domestic steel industry with temporary relief from the increasing inflow of foreign steel imports until equitable and fair competition is established

"Whereas, The members of the Senate of the 107th General Assembly of Ohio note, with concern, that imports of foreign steel have increased from more than one million tons in 1957 to eleven million tons in 1966; and

"Whereas, In 1966 these imports accounted for eleven per cent of the total domestic steel market; and

"Whereas, The current world excess steel-producing capacity of approximately seventy-five million tons and projected facility additions for Western Europe and Japan indicate that imports will account for an increasingly greater share of the domestic steel market in the years to come; and

"Whereas, The current high level of importation is largely due to the many actions of foreign governments to encourage their steel industries to export, coupled with the significantly lower employment costs in those countries; and

"Whereas, If present trends continue, the loss of volume caused by the rapidly increasing imports will pose a serious threat to the profitability of the steel industry; and

"Whereas, A healthy domestic steel industry is vital to our national security, is instrumental in maintaining a high level of employment in Ohio and other steel-producing

states, and is a significant factor in stemming the drain on the United States balance of payments; therefore be it

"Resolved, That the members of the Senate of the 107th General Assembly of Ohio strongly urge the Congress of the United States to immediately take all of the necessary steps to provide the domestic steel industry with temporary relief from the increasing inflow of foreign steel imports until equitable and fair competition is established; and be it further

"Resolved, That the Clerk of the Senate transmit authenticated copies of this Resolution to the Speaker of the House of Representatives of the United States, the Vice-President of the United States, and to each Senator and Representative from Ohio in the Congress of the United States."

A joint resolution of the Legislature of the State of California; to the Committee on Interior and Insular Affairs:

"SENATE JOINT RESOLUTION 26

"Relative to mining deposits on public lands

"WHEREAS, The term 'common varieties' as contained in the Act of Congress of July 23, 1955 (69 Stat. 368), also commonly known as Public Law 167 and as the Common Varieties Act, has been misunderstood and is vague and uncertain and has misled large numbers of persons and firms engaged in good faith in prospecting and mining upon the public domain; and

"WHEREAS, The Committee on Interior and Insular Affairs of the Senate of the United States, as stated in its Report No. 1608 dated September 19, 1966, to the 89th Congress, 2nd Session, found that the act had not been interpreted or administered in accordance with the congressional intent, had given rise to many abuses, was imposing inequitable hardship on bona fide mining men, and because of uncertainty as to just what the administrative agencies would determine to be a common variety, was seriously impeding the development of the mineral resources of the public domain; and

"WHEREAS, Many persons and firms in the State of California are engaged in mining upon the public domain and are or can easily be subject to the inequitable hardship mentioned by the Senate Committee; now, therefore, be it

"Resolved, by the Senate and Assembly of the State of California, jointly, That the Legislature of the State of California respectfully memorializes the President and the Congress of the United States to take such action as may be necessary to clarify the intent of the Congress in enacting Section 3 of the Act of July 23, 1955 (69 Stat. 368), also commonly known as the Common Varieties Act; and be it further

"Resolved, That the Secretary of the Senate be hereby directed to transmit copies of this resolution to the President and Vice President of the United States, to the Speaker of the House of Representatives, and to each Senator and Representative from California in the Congress of the United States."

A resolution adopted by the American Federation of Musicians of the United States and Canada, AFL-CIO, praying for the enactment of the Public Television Act of 1967; to the Committee on Commerce.

A resolution adopted by the American Federation of Musicians of the United States and Canada, AFL-CIO, praying for the enactment of legislation to amend the copyright laws; to the Committee on the Judiciary.

RESOLUTION OF LEGISLATIVE ASSEMBLY OF THE STATE OF OREGON

Mr. HATFIELD. Mr. President, I present, for appropriate reference, a resolution adopted by the Legislative Assembly

of the State of Oregon. I ask unanimous consent that the resolution be printed in the RECORD.

The PRESIDING OFFICER. The resolution will be received and appropriately referred; and, without objection, the resolution will be printed in the RECORD.

The resolution was referred to the Committee on Commerce, as follows:

SENATE JOINT MEMORIAL 9

To the Honorable Senate and House of Representatives of the United States of America, in Congress Assembled, the Secretary of the Interior and the President of the United States

We, your memorialists, the Fifty-fourth Legislative Assembly of the State of Oregon, in legislative session assembled, most respectfully represent as follows:

Whereas the importance and nutritional value of fish and shellfish in the world (fish protein concentrate) and the American diet are becoming increasingly more important as a protein resource; and

Whereas, our federal agencies involved have found on three occasions since 1953-54 that our domestic trawl fish industry was being hurt or injured by importations, and yet executive administrative action has not been forthcoming to provide this needed protection; and

Whereas the United States domestic fishery production has decreased and diminished consistently since 1954 to the point of having dropped in world production from second place to fifth place (1964) with Norway overtaking the United States in 1966; and

Whereas the domestic fishing industry, having been severely criticized for not having upgraded itself has found so doing impossible as long as any and all foreign nations can so conveniently ship fishery products into the United States; and

Whereas the United States production of these species in 1966 was only 19.2 percent of the total United States supply and that from imports was 80.8 percent (U.S.D.I. Bureau of Commercial Fisheries Annual Summary, "Packaged Fishery Products—1966," C.F.S. No. 4343); and

Whereas foreign fishing on our coasts and importations are one and the same problem, and are destroying the domestic trawl industry; and

Whereas the processing plants of Oregon are limiting the landings of other trawled seafoods due to the heavy and steadily increasing imports of similar species; now, therefore,

Be It Resolved by the Legislative Assembly of the State of Oregon:

(1) The Congress of the United States is memorialized to take appropriate action to ensure and provide a sound and healthy domestic trawl fishery through quota protection on such imported products.

(2) A copy of this memorial shall be transmitted to the President of the United States, to the Secretary of the Interior and to each member of the Oregon Congressional Delegation.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. RIBICOFF (for himself, Mr. BREWSTER, Mr. BROOKE, Mr. CHURCH, Mr. CLARK, Mr. ERVIN, Mr. FONG, Mr. GRUENING, Mr. HARRIS, Mr. INOUE, Mr. JAVITS, Mr. KENNEDY of New York, Mr. LONG of Missouri, Mr. McCLELLAN, Mr. MCGEE, Mr. MCINTYRE, Mr. MILLER, Mr. MONTGOMERY, Mr. MOSS, Mr. PELL, and Mr. TYDINGS):

S. 2116. A bill to establish a commission to study the organization and management of the executive branch of the Government,

10. PAY ADJUSTMENT. A subcommittee of the Post Office and Civil Service Committee approved for full committee action H. R. 8261, amended, to adjust the rates of basic compensation of certain employees of the Federal Government. p. D757
Rep. Udall discussed his Federal employees pay bill and inserted a summary of major provisions of the bill as reported. pp. H10966-7
11. EDUCATION. Rep. Annunzio spoke in support of the bill to extend and improve the provisions relating to grants for construction of educational television facilities. pp. H10948
12. RURAL MAIL. Rep. Zwach commended the Postmaster General for "moving in the proper direction of providing nondiscriminatory driveway mail service to all farmers." p. H10953
13. CONGRESSIONAL REFORM. Rep. Cleveland reviewed certain provisions of the proposed Legislative Reorganization Act of 1967. p. H10956
14. HOUSING. Rep. Barrett inserted Rep. Patman's remarks commending the cooperative housing program under the Federal Housing Administration. pp. H10963-4
15. TAXATION. Rep. Tenzer inserted his statement opposing the President's tax proposal in its present form. pp. H10972-5
16. COMMODITY EXCHANGE. Rep. Hathaway inserted Assistant Secretary Mehren's statement urging amendments to the Commodity Exchange Act. pp. H10982-5

SENATE

17. APPROPRIATIONS. Passed, 84-3, with amendments H. R. 10738, the Defense appropriation bill. pp. S11940-1, S11948-92
18. WORLD HUNGER. Sen. Long, Mo., urged new efforts to step up program of sending U. S. farm experts to less-developed countries and inserted a speech by Secretary Freeman in which he "urged young American men and women to train for service abroad as agricultural experts" to battle world hunger and starvation. pp. S12045-6
19. POPULATION SHIFT. Sen. McGovern spoke in favor of legislation aimed at "encouraging the development of our rural areas and the slowing down of migration to the cities," and inserted an article, "Crisis in Our Cities: What Rural America Can Do About It." pp. S12047-8
20. AIR POLLUTION. Sen. Boggs inserted an article on the "problem of air pollution in our country," and also, "helps to acquaint the public with the menace of harmful wastes in our air." pp. S12048-9
21. ENVIRONMENTAL HEALTH. Sen. Muskie called attention to the report of a HEW Task Force on Environmental Health and Related Problems and described it as a "graphic and disturbing picture of the state of the human environment and the effects it is having and will continued to have on the quality of life." He also spoke in favor of his resolution S. Res. 68, to establish a Select Committee on Technology and the Human Environment. pp. S12027-9
22. ECONOMY; TAXATION. Sens. Tower and Proxmire disagreed with the President's tax increase proposal and inserted several articles on this subject. pp. S12016-7, S12054-6

23. HOUSING. Sens. Proxmire and Mondale commended the President's "Turn Key" program. The program is designed to involve private enterprise in the field of public housing and thereby decrease rent payments. pp. S12009, S12029
24. TAX SHARING. Received a resolution from the Calif. Legislature urging Congress to enact a workable and realistic tax-sharing program. p. S11993
25. RECREATION. Sen. Bennett spoke in opposition to Federal development of the Antelope Island in the Great Salt Lake because he feels the State should maintain the ownership and development of this recreational area. p. S12015
Sen. Yarborough inserted a resolution in support of his bill S. 4, to create the Big Thicket National Park, Tex. p. S12061
26. LANDS. The Interior and Insular Affairs Committee reported with amendments S. 282, to provide for termination of Federal supervision over the property of the Confederated Tribes of Colville Indians in Wash. (S. Rept. 537). p. S11993
27. RADIATION. Sen. Bartlett announced hearings on S. 2067, the proposed Radiation Control for Health and Safety Act of 1967, to begin Aug. 28. pp. S12000-1
28. LOANS. A subcommittee of the Agriculture and Forestry Committee approved for full committee consideration with amendments S. 1504, to amend the Consolidated Farmers Home Administration Act of 1961, to provide for loans to supplement farm income, authorize loans and grants for community centers, remove the annual ceiling on insured loans, increase the amount of unsold insured loans that may be made out of the fund, raise the aggregate annual limits on grants, establish a flexible loan interest rate. p. D753
29. ROADS. The Public Works Committee ordered favorably reported (but did not actually report) S. 1467, to authorize funds for highway safety and beautification programs. p. D754
30. PUBLIC BUILDINGS. The Public Works Committee ordered reported with amendment (but did not actually report) S. 222, to insure that all public buildings shall be constructed so as to be reasonably accessible to the physically handicapped. p. D754

ITEMS IN APPENDIX

31. EXPENDITURES; TAXATION. Rep. Derwinski inserted an article, "Need Spending Slash Before Tax Increase." p. A4260
32. FOOD STAMPS. Extension of remarks of Rep. Ullman urging the conferees to resolve their differences so that the food stamp program can continue to "reach those of our citizens who are in need of additional food." p. A4268
33. PROGRAM EVALUATION. Rep. Mathias, Md., inserted a Chamber of Commerce statement supporting and summarizing the proposed Federal program evaluation bill. pp. A4270-2

SENATE

Aug. 25, 1967

13. LUMBER. Sen. Morse commended USDA's effort to expand plywood exports and inserted an article, "FAS Contracts to Help Promote U. S. Plywood." pp. S12268-9
Sen. Morse inserted a letter urging Congress to retain the "buy America" provision in the Defense appropriation bill so as not to restrict the purchase of U. S. wood products. pp. S12282-3
14. LOANS. The Agriculture and Forestry Committee reported with amendments S. 1504, to amend the Consolidated Farmers Home Administration Act of 1961 to provide for loans to supplement farm income, authorize loans and grants for community centers, remove the annual ceiling on insured loans, increase the amount of unsold insured loans that may be made out of the fund, raise the aggregate annual limits on grants, and establish a flexible loan interest rate (S. Rept. 540). p. S12217
15. PUBLIC BUILDINGS. Passed as reported S. 222, to insure that public buildings financed with Federal funds are so designed and constructed as to be accessible to the physically handicapped. pp. S12215-6
16. POVERTY. Sen. Morse denied any conflict between himself, Sen. Clark, and members of the White House staff regarding the war on poverty bill and stated, "I shall continue as a member of the committee to work, with the Senator from Pennsylvania and the Senator from New York (Mr. Javits), to try to hammer out the type poverty bill that should be passed." pp. S12250-2
Sen. Byrd, W. Va., inserted an article, "Pittsburgh Shows Way in War on Poverty." p. S12275
17. EXPORT-IMPORT BANK. Sen. Byrd, Va., defended his amendment to the Export-Import Bank bill, to deny the use of Export-Import Bank funds to finance business transactions with nations which are supplying the American enemy in Vietnam, and urged that the House retain this amendment. pp. S12252-3
18. FOREIGN AID. Sen. Morse inserted a letter written by Sen. Gruening entitled, "U. S. Foreign Aid Versus Domestic Needs." pp. S12254-5
19. INTERGOVERNMENTAL RELATIONS. Sen. Fannin urged increased Federal-State-Local relations and inserted an article, "Local Government To Grow By." pp. S12266-7
20. SCENIC RIVERS. Sen. Yarborough inserted an editorial in support of S. 119, the proposed Wild and Scenic Rivers Act. p. S12275
21. ECONOMY; TAXATION. Sen. Proxmire inserted an editorial in opposition to the proposed tax increase, "L. B. J. Out of Line." p. S12283
22. HIGHWAYS. S. 1467, to authorize funds for highway safety and beautification programs was made the unfinished business and will be considered on Mon., Aug. 28. p. S12283
23. RECLAMATION. Received a draft proposal from the Interior Department to provide for the construction, operation, and maintenance of the Michaud Flats irrigation project; to Interior and Insular Affairs Committee. p. S12217

24. AGRICULTURAL BILLS. The Daily Digest states that the Agriculture and Forestry Committee ordered favorably reported (but did not actually report) the following bills: with amendments S. 974, to authorize conveyance of certain land to the city of Glendale, Ariz; S. 1568, to amend the Federal Farm Loan Act with regard to restrictions on eligibility for loans by Federal land banks; and without amendment S. 1477, to provide that the National Advisory Committee on Agricultural Research shall meet annually and at such other times as are deemed necessary; S. 1564, to authorize the Secretary of Agriculture to convert the national tobacco marketing quota into a national acreage allotment; and H. R. 547, to authorize the sale of the Pleasanton Plant Materials Center in Alameda County, Calif., and to provide for the establishment of a more suitable location for the replacement therefor. p. D771
25. APPROPRIATIONS. A subcommittee of the Appropriations Committee approved for full committee consideration H. R. 9960, the HUD and independent offices appropriation. pp. D771-2
26. ADJOURNED until Mon., Aug. 28. p. S12283

BILLS INTRODUCED

27. TEXTILES. H. R. 12584 by Rep. Anderson, Ill., H. R. 12593 by Rep. Gilbert, H. R. 12606 by Rep. Rooney, Pa., H. R. 12607 by Rep. Thompson, Ga., to provide for orderly trade in textile articles; to Ways and Means Committee.
28. AGRICULTURAL ASSISTANCE. H. R. 12616 by Rep. Smith, Iowa and H. R. 12617 by Rep. Dole, to promote interest and training in international agricultural assistance; to Agriculture Committee.
29. HOUSING. H. R. 12598 by Rep. Teague, Calif., to charter a National Home Ownership Foundation; to Banking and Currency Committee.
H. R. 12608 by Rep. Tunney, to encourage and assist private enterprise to provide adequate housing in urban poverty areas for low income and lower middle income persons; to Ways and Means Committee.
30. EMPLOYMENT. H. R. 12609 by Rep. Tunney, to provide incentives for the creation by private industry of additional employment opportunities for residents of urban poverty areas; to Ways and Means Committee.
H. R. 12612 by Rep. Celler, to amend title IV of the Economic Opportunity Act of 1964 to create a program to develop job opportunities in rural and urban areas of high unemployment and to raise levels of managerial skills and business ownership in those areas, and to strengthen the existing program of loans to small business concerns; to Banking and Currency Committee.
31. RECREATION. S. 2348 by Sen. McGovern, to provide for a Great Prairie Lakes Parkway in the States of South Dakota and North Dakota; to Public Works Committee. Remarks of author pp. S12217-8
32. PERSONNEL. H. R. 12613 by Rep. Curtis, to provide for the garnishment, execution or trustee process of wages and salaries of civil officers and employees of the United States; to Judiciary Committee. Remarks of author pp. H11236-7

S. 1504

[Report No. 540]

IN THE SENATE OF THE UNITED STATES

APRIL 13, 1967

Mr. AIKEN (for himself, Mr. MANSFIELD, Mr. ALLOTT, Mr. ANDERSON, Mr. BAKER, Mr. BARTLETT, Mr. BAYH, Mr. BENNETT, Mr. BIBLE, Mr. BREWSTER, Mr. BROOKE, Mr. BURDICK, Mr. BYRD of West Virginia, Mr. CANNON, Mr. CARLSON, Mr. CASE, Mr. CHURCH, Mr. CLARK, Mr. COOPER, Mr. COTTON, Mr. CURTIS, Mr. DIRKSEN, Mr. DODD, Mr. DOMINICK, Mr. EASTLAND, Mr. ELLENDER, Mr. ERVIN, Mr. FANNIN, Mr. FONG, Mr. FULBRIGHT, Mr. GRUENING, Mr. HANSEN, Mr. HARRIS, Mr. HART, Mr. HARTKE, Mr. HATFIELD, Mr. HAYDEN, Mr. HICKENLOOPER, Mr. HILL, Mr. HOLLINGS, Mr. HRUSKA, Mr. INOUE, Mr. JACKSON, Mr. JAVITS, Mr. JORDAN of North Carolina, Mr. JORDAN of Idaho, Mr. KENNEDY of Massachusetts, Mr. KENNEDY of New York, Mr. KUCHEL, Mr. LAUSCHIE, Mr. LONG of Missouri, Mr. LONG of Louisiana, Mr. MAGNUSON, Mr. MCCARTHY, Mr. MCCLELLAN, Mr. MCGEE, Mr. MCGOVERN, Mr. MCINTYRE, Mr. METCALF, Mr. MILLER, Mr. MONDALE, Mr. MONRONEY, Mr. MONTOYA, Mr. MORSE, Mr. MOSS, Mr. MUNDT, Mr. MURPHY, Mr. MUSKIE, Mr. NELSON, Mr. PASTORE, Mr. PEARSON, Mr. PELL, Mr. PERCY, Mr. PROUTY, Mr. PROXMIRE, Mr. RANDOLPH, Mr. RIBICOFF, Mr. SCOTT, Mr. SMATHERS, Mrs. SMITH, Mr. SPARKMAN, Mr. SPONG, Mr. STENNIS, Mr. SYMINGTON, Mr. TALMADGE, Mr. THURMOND, Mr. TOWER, Mr. TYDINGS, Mr. WILLIAMS of New Jersey, Mr. WILLIAMS of Delaware, Mr. YARBOROUGH, Mr. YOUNG of North Dakota, and Mr. YOUNG of Ohio) introduced the following bill; which was read twice and referred to the Committee on Agriculture and Forestry

AUGUST 25, 1967

Reported by Mr. AIKEN, with amendments

[Strike out all after the enacting clause and insert the part printed in *italic*]

A BILL

To amend the Consolidated Farmers Home Administration Act of 1961, as amended, to provide for loans to supplement farm income, authorize loans and grants for community centers, remove the annual ceiling on insured loans, increase

the amount of unsold insured loans that may be made out of the fund, raise the aggregate annual limits on grants, establish a flexible loan interest rate, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
 2 *tives of the United States of America in Congress assembled,*
 3 That the Consolidated Farmers Home Administration Act
 4 of 1961, as amended, is further amended as follows:

5 The first sentence of section 303 is amended to read as
 6 follows: "Loans may be made or insured under this subtitle
 7 for ~~(1)~~ acquiring, enlarging, or improving farms, including
 8 farm buildings, land and water development, use and conser-
 9 vation, ~~(2)~~ recreational uses and facilities, ~~(3)~~ enterprises
 10 needed to supplement farm income, ~~(4)~~ refinancing existing
 11 indebtedness, and ~~(5)~~ loan closing costs."

12 SEC. 2. Amend section 306(a) ~~(1)~~ by striking the word
 13 "and" after the words "disposal facilities", and adding after
 14 the words "recreational development", the words "and to
 15 provide in rural areas community centers necessary for com-
 16 munity programs of health, recreation, and similar services
 17 and activities,"; by amending section 306(a) ~~(2)~~ by striking
 18 the word "or" after the word "water" and inserting in lieu
 19 thereof a comma and inserting after the word "waste" a
 20 comma and the following: "or for community centers"; and
 21 by amending section 306(a) ~~(7)~~ by inserting after the
 22 word "projects" the words "and community centers".

1 ~~SEC. 3.~~ Section 306 ~~(a)(2)~~ is amended by changing
2 “\$50,000,000” to “\$150,000,000.”

3 ~~SEC. 4.~~ Section 306 ~~(a)(6)~~ is amended by changing
4 “\$5,000,000” to “\$25,000,000.”

5 ~~SEC. 5.~~ Section 307 ~~(a)~~ is amended by striking the
6 second sentence and inserting in lieu thereof: “Loans made
7 or insured under this subtitle, except loans to public bodies
8 whose obligations bear interest not subject to Federal income
9 tax, shall bear interest at a rate established by the Secretary
10 equal to the sum of the annually estimated average yield to
11 maturity, on the basis of closing market quotations or prices,
12 as of January 1, preceding establishment of the rate by the
13 Secretary, on all outstanding marketable public obligations
14 of the United States which are neither due nor callable for
15 redemption for ten years or more, adjusted to the nearest
16 one-eighth of 1 per centum, plus an additional rate not ex-
17 ceeding 1 per centum per annum: *Provided*, That such inter-
18 est rate shall not exceed $5\frac{1}{2}$ per centum per annum. Such
19 loans to such public bodies shall bear interest at the average
20 rate, as determined by the Secretary of the Treasury, pay-
21 able by the Treasury upon its marketable public obligations
22 outstanding at the beginning of the fiscal year in which the
23 loan is made, which are neither due nor callable for redemp-
24 tion for fifteen years from date of issue.”

25 ~~SEC. 6.~~ Section 308 is amended by striking out the

1 comma and the phrase “, aggregating not more than
2 \$450,000,000 in any one year,”.

3 SEC. 7. Section 309(f) is amended by changing the
4 figure “\$50,000,000” to “\$100,000,000.”

5 SEC. 8 Section 312 is amended by (a) revising sub-
6 section (4) to read as follows: “(4) financing land and
7 water development, use, and conservation;” (b) inserting
8 new items (5) and (6) to read as follows: “(5) recrea-
9 tional uses and facilities; (6) enterprises needed to supple-
10 ment farm income;” and (c) by renumbering the present
11 items “(5), (6), and (7)” to “(7), (8), and (9).”

12 SEC. 9. Section 316 is amended by (a) striking from
13 the first sentence “at an interest rate not to exceed 5 per
14 centum per annum;” and (b) adding at the end of the
15 section the following: “Such loans shall bear interest at
16 a rate established by the Secretary equal to the sum of
17 the annually estimated average yield to maturity, on the
18 basis of closing market quotations or prices, as of January 1
19 preceeding establishment of the rate by the Secretary, on all
20 outstanding marketable public obligations of the United
21 States which are neither due nor callable for redemption
22 for ten years or more, adjusted to the nearest one-eighth
23 of 1 per centum, plus an additional rate not exceeding 1
24 per centum per annum: *Provided*, That such interest rate
25 shall not exceed $5\frac{1}{2}$ per centum per annum.”

1 *That the Consolidated Farmers Home Administration Act*
2 *of 1961, as amended, is further amended as follows:*

3 *The first sentence of section 303 is amended to read as*
4 *follows: "Loans may be made or insured under this subtitle*
5 *for (1) acquiring, enlarging, or improving farms, including*
6 *farm buildings, land and water development, use and conser-*
7 *vation, (2) recreational uses and facilities, (3) enterprises*
8 *needed to supplement farm income, (4) refinancing existing*
9 *indebtedness, and (5) loan closing costs."*

10 *SEC. 2. Section 304 is amended by inserting after the*
11 *word "subtitle" in section 304 the letter "(a)", by inserting*
12 *a comma in lieu of the period at the end of the section and*
13 *adding the following: "not including recreational uses and*
14 *facilities and (b) without regard to the requirements of sec-*
15 *tion 302 (2) and (3), to individual farmowners or tenants*
16 *to finance outdoor recreational enterprises or to convert to*
17 *recreational uses their farming or ranching operations, in-*
18 *cluding those heretofore financed under this title."*

19 *SEC. 3. Section 306(a)(2) is amended by changing*
20 *"\$50,000,000" to "\$150,000,000".*

21 *SEC. 4. Section 306(a)(6) is amended by changing*
22 *"\$5,000,000" to "\$25,000,000".*

23 *SEC. 5. Section 306 is further amended by adding at the*
24 *end thereof the following:*

1 “(d) An applicant for a loan under this section for a
2 water or sewer project to serve any area in any city or town
3 shall, together with the Secretary, make all reasonable efforts
4 to obtain private or cooperative financing of the project; and
5 where such efforts are unsuccessful, the Administrator of the
6 Farmers Home Administration shall personally so deter-
7 mine and furnish a report thereon prior to the approval of
8 the loan to the Committee on Agriculture and Forestry of the
9 Senate and the Committee on Agriculture of the House of
10 Representatives. Whenever in the judgment of the Secretary
11 a sewer or water project can be financed through a grant
12 under this section and a loan from private or cooperative
13 sources as advantageously to the applicant and as economi-
14 cally to the Government as through financing by the Govern-
15 ment under this section (taking an allowance to cover current
16 administrative costs into account), the Secretary shall require
17 the applicant to obtain such loan from private or cooperative
18 sources.

19 “(e) Each department or agency of the Federal Gov-
20 ernment which is authorized to furnish financial assistance
21 for any of the purposes for which financial assistance may
22 be furnished under this section shall carefully review each
23 application for such assistance received by it, determine
24 whether the needs of the applicant may be better served by
25 another department or agency, and, if so, advise the appli-

1 cant and such other department or agency of such deter-
2 mination. The President shall issue such rules and regula-
3 tions as he deems necessary or desirable to assure (1) the
4 coordination of the program authorized by this Act with re-
5 lated programs of other agencies, including the Department
6 of Housing and Urban Development, the Department of
7 Commerce, and the Department of the Interior; and (2)
8 the availability to prospective applicants of information on
9 the alternative programs available to them.”

10 SEC. 6. Section 307(a) is amended by striking the
11 second sentence and inserting in lieu thereof: “Loans made or
12 insured under this subtitle, except loans to public bodies
13 whose obligations bear interest not subject to Federal income
14 tax, shall bear interest at a rate determined by the Secretary
15 of the Treasury taking into consideration the current aver-
16 age market yield on outstanding marketable obligations of the
17 United States with remaining periods to maturity compa-
18 rable to the average maturities of such loans, adjusted to the
19 nearest one-eighth of 1 per centum, plus not to exceed 1
20 per centum per annum as determined by the Secretary. Such
21 loans to such public bodies shall bear interest at a rate de-
22 termined by the Secretary of the Treasury taking into con-
23 sideration the current average market yield on outstanding
24 marketable obligations of the United States with remaining
25 periods to maturity comparable to the average maturity of

1 such loans, adjusted to the nearest one-eighth of 1 per
2 centum, less not to exceed one-half of 1 per centum per
3 annum as determined by the Secretary in areas qualified
4 under section 103 or 401(a) of the Public Works and Eco-
5 nomic Development Act of 1965. In no event shall the rate
6 determined in the foregoing sentence be greater than that
7 applicable to loans contemporaneously made or insured by,
8 or available from, any other agency of the United States
9 for similar purposes."

10 SEC. 7. Section 308 is amended by striking out the
11 phrase " , aggregating not more than \$450,000,000 in any
12 one year," and by inserting in lieu thereof, "until October
13 1, 1969".

14 SEC. 8. Section 309(f) is amended by changing the
15 figure "\$50,000,000" to "\$100,000,000".

16 SEC. 9. Section 312 is amended by (a) revising sub-
17 section (4) to read as follows: "(4) financing land and
18 water development, use, and conservation,"; (b) inserting
19 new items (5) and (6) to read as follows: "(5) without
20 regard to the requirements of section 311 (2) and (3), to
21 individual farmers or ranchers to finance outdoor recrea-
22 tional enterprises or to convert to recreational uses their
23 farming or ranching operations, including those heretofore
24 financed under this title, (6) enterprises needed to supple-
25 ment farm income,"; and (c) by renumbering the present
26 items "(5), (6), and (7)" to "(7), (8), and (9)".

1 *SEC. 10. Section 316 is amended by (a) striking from*
2 *the first sentence “at an interest rate not to exceed 5 per*
3 *centum per annum,” and (b) adding at the end of the*
4 *section the following: “Loans made under this subtitle shall*
5 *bear interest at a rate determined by the Secretary of the*
6 *Treasury taking into consideration the current average*
7 *market yield on outstanding marketable obligations of the*
8 *United States with remaining periods to maturity comparable*
9 *to the average maturities of such loans, adjusted to the*
10 *nearest one-eighth of 1 per centum, plus not to exceed 1 per*
11 *centum per annum as determined by the Secretary.”*

12 *SEC. 11. Section 333(b) is amended by striking the word*
13 *“farming”.*

Amend the title so as to read: “A bill to amend the Consolidated Farmers Home Administration Act of 1961, as amended, to provide for loans for enterprises to supplement farm income and for farm conversion to recreation, remove the annual ceiling on insured loans, increase the amount of unsold insured loans that may be made out of the fund, raise the aggregate annual limits on grants, establish a flexible loan interest rate, and for other purposes.”

A BILL

To amend the Consolidated Farmers Home Administration Act of 1961, as amended, to provide for loans to supplement farm income, authorize loans and grants for community centers, remove the annual ceiling on insured loans, increase the amount of unsold insured loans that may be made out of the fund, raise the aggregate annual limits on grants, establish a flexible loan interest rate, and for other purposes.

By Mr. AREN, Mr. MANSFIELD, Mr. ALLOT, Mr. ANDERSON, Mr. BAKER, Mr. BARTLETT, Mr. BAYH, Mr. BENNETT, Mr. BIBLE, Mr. BREWSTER, Mr. BROOKE, Mr. BURDICK, Mr. BYRD of West Virginia, Mr. CANNON, Mr. CARLSON, Mr. CASE, Mr. CHURCH, Mr. CLARK, Mr. COOPER, Mr. COTTON, Mr. CURTIS, Mr. DIRKSEN, Mr. DODD, Mr. DOMINICK, Mr. EASTLAND, Mr. ELDENDER, Mr. ERVIN, Mr. FANNIN, Mr. FONG, Mr. FULBRIGHT, Mr. GROENING, Mr. HANSEN, Mr. HARRIS, Mr. HART, Mr. HARTE, Mr. HATFIELD, Mr. HAYDEN, Mr. HICKENLOOPER, Mr. HILL, Mr. HOLLINGS, Mr. HRUSKA, Mr. INOUYE, Mr. JACKSON, Mr. JAVITS, Mr. JORDAN of North Carolina, Mr. JORDAN of Idaho, Mr. KENNEDY of Massachusetts, Mr. KENNEDY of New York, Mr. KUCHEL, Mr. LAUSCHE, Mr. LONG of Missouri, Mr. LONG of Louisiana, Mr. MAGNUSON, Mr. MCCARTHY, Mr. MCCELLAN, Mr. McGEE, Mr. MCGOVERN, Mr. MCINTYRE, Mr. METCALF, Mr. MILLER, Mr. MONDALE, Mr. MONROE, Mr. MONROYA, Mr. MORSE, Mr. MOSS, Mr. MUNDT, Mr. MURPHY, Mr. MUSKIE, Mr. NELSON, Mr. PASTORE, Mr. PEARSON, Mr. PELL, Mr. PERCY, Mr. PROUTY, Mr. PROXMIER, Mr. RANDOLPH, Mr. RIBICOFF, Mr. SCOTT, Mr. SMATHERS, Mrs. SMITH, Mr. SPARKMAN, Mr. SPONG, Mr. STENNIS, Mr. SYNINGTON, Mr. TALMADGE, Mr. THURMOND, Mr. TOWER, Mr. TYDINGS, Mr. WILLIAMS of New Jersey, Mr. WILLIAMS of Delaware, Mr. YARBOROUGH, Mr. YOUNG of North Dakota, and Mr. YOUNG of Ohio

APRIL 13, 1967

Read twice and referred to the Committee on

Agriculture and Forestry

AUGUST 25, 1967

Reported with amendments

FARMERS HOME ADMINISTRATION LOANS AND GRANTS

AUGUST 25, 1967.—Ordered to be printed

Mr. AIKEN, from the Committee on Agriculture and Forestry,
submitted the following

REPORT

[To accompany S. 1504]

The Committee on Agriculture and Forestry, to which was referred the bill (S. 1504) to amend the Consolidated Farmers Home Administration Act of 1961, as amended, to provide for loans to supplement farm income, authorize loans and grants for community centers, remove the annual ceiling on insured loans, increase the amount of unsold insured loans that may be made out of the fund, raise the aggregate annual limits on grants, establish a flexible loan interest rate, and for other purposes, having considered the same, reports favorably thereon with amendments and recommends that the bill as amended do pass.

SHORT EXPLANATION

This bill would amend the Consolidated Farmers Home Administration Act of 1961 to—

(1) include (I) enterprises needed to supplement farm income and (II) conversion of farms to recreation among the purposes for which loans may be made under subtitles A (real estate) and B (operating);

(2) increase the annual development grant authority under section 306 to \$150 million (from \$50 million);

(3) increase the annual grant authority for comprehensive planning of water or sewer systems to \$25 million (from \$5 million);

(4) require (I) all reasonable efforts to be made to obtain a loan from private or cooperative sources in the case of a loan for a sewer or water project to serve a city or town, (II) a report to the Committees on Agriculture whenever such efforts are unsuccessful, and (III) the use of credit from such sources when

available on terms as advantageous to the applicant and as economical to the Government as financing under the bill;

(5) provide for coordination of Federal programs of assistance for sewer and water projects;

(6) provide for interest rates determined after consideration of the cost of funds to the United States, and in no event exceeding (in the case of tax-exempt obligors) that charged by other Federal agencies on future subtitle A and B loans; (instead of rates fixed by the Secretary of Agriculture at not exceeding 5 percent.);

(7) remove the \$450 million limit on annual insured loan authority and terminate such authority October 1, 1969; and

(8) increase the amount of direct loans made from the insurance fund for resale which can be outstanding at any time to \$100 million (from \$50 million).

COMMITTEE CONSIDERATION

The committee's Subcommittee on Agricultural Credit and Rural Electrification held hearings on this bill on July 12 and 13, 1967, and heard all witnesses who desired to be heard. All witnesses favored the objectives of the bill, but many amendments were proposed. The subcommittee and the committee gave careful consideration to all proposals and developed the amendment in the nature of a substitute recommended in this report. The committee has further recommended amendment of the title of the bill to conform to the recommended text.

SECTION-BY-SECTION EXPLANATION

Section 1. Loans for enterprises to supplement farm income

The first section of the bill, as recommended by the committee, provides for amendment of the Consolidated Farmers Home Administration Act of 1961 "as follows", so that all subsequent sections should be read as amending that act.

The first section amends section 303 of the act to include "enterprises needed to supplement farm income" among the purposes for which loans may be made under that section. (Sec. 303 authorizes real estate loans to owner-operators of not larger than family farms who are unable to obtain sufficient credit elsewhere. The loan purposes now authorized by sec. 303 are "acquiring, enlarging, or improving farms, including farm buildings, land and water development, use and conservation, including recreational uses and facilities, refinancing existing indebtedness, and for loan closing costs".) The purpose of section 303 is to provide farmers who are unable to obtain credit elsewhere with sufficient credit to engage in farming. Often the income from the farm is insufficient to enable the farmer to support himself and his family and he must look elsewhere for supplemental income. This section would provide him with that opportunity.

Section 2. Loans to convert farms to recreation

This section authorizes loans for the conversion of farms to recreational use. It would not have any effect on the present policies of the Farmers Home Administration with respect to loans for nonfarm recreational purposes. Under section 2(b)(2)(A) of the Participation Sales Act of 1966 such loans are not pooled for the purpose of issuing

participation sales certificates. Hence, most nonfarm recreational loans (other than to public bodies) are insured loans. It is also not intended to provide for loans to persons who have not been regularly engaged in farming, but acquire a farm for the purpose of establishing a recreational enterprise. It is intended that the Secretary will restrict loans under this provision to persons who have been regularly engaged in farming for at least 2 years prior to their application for an initial loan for recreational purposes.

This section, which was inserted by the committee, is the same as subsection (a) of S. 1479, which was requested by the Department of Agriculture and was one of the bills covered by the committee's hearings. There was no objection to this provision at the hearings. The Department explained this section as follows:

The addition to section 304 will authorize loans to individual farm or ranch owners or tenants to establish or further develop outdoor recreational enterprises. That section will authorize the use of funds for acquiring the additional essential resources for income-producing recreational activities. The amount of each loan to an individual will be subject to the \$60,000 and normal value limitation in section 305(a).

The applicant will be required to be a farm or ranch owner or tenant when he receives the initial recreation loan. Subsequent loans can be made for the recreational enterprise originally financed under this subtitle. The applicant may, but will not be required to, continue to farm after the loan is made. The labor requirements for a recreational enterprise may exceed the equivalent of those for a family farming operation.

Recreation loans under this section may be made or insured for (1) acquisition of additional land and land development, (2) construction, improvement, and operation of outdoor recreational facilities, equipment, and related buildings, (3) refinancing of debts, and (4) loan closing costs.

Section 3. Water and sewer development grants

This section increases the annual limit on development grants under section 306(a)(2) to \$150 million (from \$50 million). These grants for rural water and sewer project development costs were authorized by amendment of section 306 by Public Law 89-240, approved October 7, 1965. Before that date only loans were authorized. The Department advises that the increase in applications for water and sewer projects demonstrates that the present authorization of \$50 million annually is not sufficient to meet even the most critical need. In fiscal year 1966, 4,205 applications for assistance were received from rural communities as compared with 1,422 received in fiscal year 1965. On May 31, 1967, the Farmers Home Administration had on hand 2,392 applications from rural communities for assistance in the installation of domestic water systems and about 1,118 applications for assistance in the installation of community waste disposal systems. Over 700 applications were from communities seeking assistance for both water and waste disposal systems. Until recently, there has been no place for many rural communities to obtain assistance in developing public water and waste facilities.

Section 4. Planning grants

This section increases the annual limit on planning grants under section 306(a)(6) to \$25 million (from \$5 million). These grants were authorized by Public Law 89-240 to be made to public bodies or other agencies having authority to prepare official comprehensive plans for the development of rural water or sewer systems. Until the passage of Public Law 89-240 in 1965, most rural public agencies were unable to finance the basic comprehensive planning essential to the orderly and economical development of these necessary utility services. The funds authorized by existing law for this purpose cannot meet the critical needs. As of May 31, 1967, there were 596 applications on hand and they were being received at the rate of approximately 65 per month. There is a particular need to provide all the assistance possible before October 1, 1968. After that date, development grants under Public Law 89-240 may not be made unless a comprehensive plan for the area is available and the proposed project is consistent with that plan.

Section 5. Credit elsewhere and coordination of Government programs

This section would add two new subsections to section 306 of the Consolidated Farmers Home Administration Act of 1961 as follows:

New section 306(d). Credit elsewhere. The proposed section 306(d) would require (i) all reasonable efforts to be made to obtain a loan from private or cooperative sources in the case of a loan for a sewer or water project to serve a city or town, (ii) a report to the Committee on Agriculture whenever such efforts are unsuccessful, and (iii) the use of such credit, when available on terms as advantageous to the applicant and as economical to the Government as financing under the bill.

At the hearings the Investment Bankers Association and a group of municipal bond underwriters proposed a number of amendments relative to interest rates, limitations on insurance authority, efforts to obtain credit elsewhere, the backlog of applications, and other matters.

The committee hopes that the problem of the large backlog of applications for sewer and water loans and grants can be taken care of administratively. The witnesses pointed out that other agencies with similar backlog problems have initiated programs to reduce the backlog. The committee was advised informally by the Department of Housing and Urban Development that its backlog reduction program has been successful and well received. Where there is no possibility that an application can be approved and funded within a reasonable time, the applicant should be so advised. The Director of the Bureau of the Budget wrote to the Secretary of Agriculture on April 19, 1967, urging the application of priority-setting criteria to meet this problem; and the Department of Agriculture has advised the committee informally that it is "preparing for the early issue of an instruction which will establish significant and pertinent consideration to permit (1) processing of those applications which will result in serving the greatest existing need, (2) estimation in advance of the volume of Federal assistance which is likely to be available, (3) rejecting for current consideration applications in excess of such estimated available funds, and (4) committing and obligating available funds among applications entertained in accordance with the community's appraised immediate need." The committee felt that

this problem could be solved better administratively than through legislation, and therefore did not adopt any amendment to accomplish this end.

The Department advised that it planned using direct, rather than insured, loan authority in the future in the case of applicants whose obligations bear interest not subject to Federal income tax. Since the underwriters were concerned with obligations of this type of applicant, the committee felt the amendments proposed by them to limit the loan insurance authority would not have the effect they sought, and the committee did not recommend adoption of their amendments on this subject.

The new section 306(d) is designed to meet the objections of these witnesses with respect to credit elsewhere and interest rates insofar as they can be met without increasing the cost to the Government or lessening the benefits to borrowers.

One amendment proposed by the investment bankers and underwriters would have required the furnishing of three letters from usual sources of municipal credit showing that credit was not available from such sources. The subcommittee gave serious consideration to this amendment, but decided that the Administrator should be able to base his determination that all reasonable efforts had been made to obtain credit elsewhere on all available information. Such letters could, of course, serve as the basis for that determination. The first part of the proposed section 306(d) therefore requires the applicant for a municipal water or sewer project loan and the Secretary to make all reasonable efforts to obtain private or cooperative financing of the project. The Administrator of the Farmers Home Administration is required to report to the Committee on Agriculture and Forestry of the Senate and the Committee on Agriculture of the House of Representatives before making the loan when such efforts have been unsuccessful.

The second part of proposed section 306(d) provides that whenever a sewer or water project can be financed through a grant under section 306 and a loan from private or cooperative sources as advantageously to the applicant and as economically to the Government as through financing by the Government under section 306, the Secretary shall require the applicant to obtain the loan from private or cooperative sources. The committee felt that municipal underwriters and investment bankers perform a valuable service in providing funds for the development of municipal projects; and that the Government should not take any action to interfere with or obstruct the performance of those services. Section 333(a) of the Consolidated Farmers Home Administration Act of 1961 now requires applicants to certify that they are unable to obtain credit elsewhere to meet their actual needs at rates and terms determined reasonable by the Secretary.

On the other hand the objectives of the program are to enable rural areas, including small towns, to obtain water and sewer facilities which they cannot obtain without Government assistance. To the extent that the underwriters' services can be used to accomplish this without additional cost to the applicant or the Government, the committee felt those services should be utilized. The committee did not feel, however, that their services should be used where a Government subsidy was involved and use of their services would require an increase in the Government subsidy. The language recommended by the committee is based on these considerations. If the Farmers Home Adminis-

tration were to make the loan, there would be a certain subsidy given to the borrower in the form of low interest. If this subsidy can be given in the form of a grant, without additional cost to the Government, and if such action will make it possible for private lenders to make the loan, and if the financing is then as advantageous to the borrower, then the Secretary shall require the applicant to obtain the loan from private sources. There is absolutely nothing in this provision which requires the making or increasing of a grant if that action will increase the cost to the Government above what its cost would be if it made both the loan and the grant. This provision is simply not operative if it would result in increasing the Government cost by a single penny, or if it would decrease the benefits to the applicant by that amount. There is no desire to subsidize private lenders.

The committee considered a proposal to change the word "grant" in the second sentence of new section 306(d) to "an increase in the amount of a grant." This was suggested as a clarifying amendment, but the committee felt that the language was already clear, and covers either the making of a grant where no grant would otherwise be made, or the increasing of a grant which would be made in the absence of this provision. In either case the provision contemplates a transferring of the subsidy from the loan part of the financing to the grant part of the financing where that will accomplish the desired effect without any increase in Government cost.

Whether private credit could be used as advantageously to the borrower and as economically to the Government as Government financing would be a matter in the sole judgment of the Secretary. He would take an "allowance" to cover current administrative costs into account in making this judgment. This would not require a statistical computation or determination.

New section 306(e). Coordination of government programs. Proposed section 306(e) requires the various agencies furnishing assistance of the kind provided under section 306 to coordinate their efforts so that applicants may be better served and better informed as to the alternatives available to them. Its provisions are in accord with what the various agencies are now doing.

Section 6. Interest rates on farm ownership and sewer and water loans

This section amends the existing provision for interest rates on loans made under subtitle A of the act. At present the rates for loans for the various purposes under that subtitle are established by the Secretary of Agriculture at not in excess of 5 percent per annum. Section 5 would provide instead for a rate determined by the Secretary of the Treasury, taking into consideration the cost of funds to the Government (based on yields for comparable maturities and rounded to the nearest one-eighth of 1 percent)—

- (i) plus up to 1 percent (except in the case of loans to public bodies whose obligations bear interest not subject to Federal income tax);
- (ii) minus up to one-half percent in the case of loans to such public bodies in so-called EDA areas; and
- (iii) without addition or subtraction in the case of loans to such public bodies not in EDA areas.

The formulas just described were proposed by the Department of Agriculture, which advised the committee that on the basis of May 1967 data, the rate for loans to others than such public bodies would

be at least 4 $\frac{5}{8}$ percent but not more than 5 $\frac{5}{8}$ percent; the rate for loans to such public bodies in EDA areas would be not less than 4 $\frac{5}{8}$ percent nor more than 4 $\frac{5}{8}$ percent; and the rate for loans to such public bodies in non-EDA areas would be 4 $\frac{5}{8}$ percent.

This section further provides that in no event shall the rate to such public bodies exceed that applicable to loans for similar purposes available from any other agency of the United States. The committee felt that rural areas under this program should receive as advantageous interest rates as are available to urban or other areas under any similar Federal program.

Section 7. Insured loan authority

This section would remove the \$450 million limit on the amount of loans which may be insured under subtitle A in any one year. Upon the recommendation of the Department of Agriculture, the committee has recommended inclusion in this section of a provision terminating the loan insurance authority on October 1, 1969. This will give Congress an opportunity to review the operations of this program prior to that time.

Section 8. Loans held for sale as insured loans

This section increases the amount of direct loans made from the insurance fund for resale as insured loans which may be outstanding at any one time to \$100 million (from \$50 million).

Section 9. Operating loans for supplemental and recreation enterprises

This section expands the purposes for which operating loans can be made under subtitle B of the act to include (i) enterprises needed to supplement farm income and (ii) conversion of farms to recreation. The latter purpose, which was added by the committee, is taken from S. 1479, a bill proposed by the Department of Agriculture.

The Department explained this provision taken from S. 1479 as follows:

The new item 312(5) is a companion authorization to that contained in the revision of section 304 and will authorize loans to individual farmers and ranchers to convert part or all of their farming operations to outdoor recreational enterprises. Loans will be made to establish new enterprises or to expand existing enterprises. These funds will be used for equipment and facilities, animals, birds, fish, supplies, payment of operating expenses and cash rent, refinancing of indebtedness, and loan closing costs. Operating loans for farming operations and recreational enterprises will be subject to the \$35,000 limitation in section 313. These loans will assist farm families to convert their farming operations so that their resources will be put to the best use in order to produce a profitable return on their investments or to otherwise improve their incomes. The applicant may, but will not be required to, continue to farm after the loan is made. The labor requirements for a recreational enterprise may exceed the equivalent of those for a family farming operation. The applicant will be required to be a farmer or a rancher when he receives the initial recreation loan. Additional loans can be made with respect to any recreational enterprise qualifying for an initial recreation loan.

Section 10. Interest rates on operating loans

This section amends the provision of the Consolidated Farmers Home Administration Act of 1961, dealing with the interest rate on loans under subtitle B (operating loans). The current rate for subtitle B loans is 5 percent; but the law permits the Secretary to fix the rate at any rate up to 5 percent. The bill provides for an interest rate determined by the Secretary of the Treasury, taking into consideration the cost of funds to the Government. The formula was recommended by the Department of Agriculture and is the same as that provided by the bill for subtitle A loans to borrowers, other than tax-exempt public bodies. However, the rate would differ from that for subtitle A loans because it would be based on yields on Government obligations with shorter remaining maturities, subtitle B loans being for 7 to 12 years. Based on May 1967 data, this rate would be at least $4\frac{3}{4}$ percent and not more than $5\frac{3}{4}$ percent.

Section 11. County committee certification

This section, which is the same as subsection (d) of S. 1479, would strike "farming" from the requirement that the county committee certify the applicant's ability to carry out the proposed "farming" operations. This supplements the proposed amendment to authorize loans for conversion to recreation and the provision of the bill authorizing loans for nonfarm enterprises needed to supplement farm income.

DEPARTMENTAL VIEWS

Attached are reports from the Department of Agriculture and the Department of the Treasury on S. 1504, and a letter dated March 16, 1967, from the Department of Agriculture enclosing a draft bill which was subsequently introduced as S. 1479 and included in the committee amendment to the text of S. 1504.

DEPARTMENT OF AGRICULTURE,
Washington, D.C., July 11, 1967.

HON. ALLEN J. ELLENDER,
Chairman, Committee on Agriculture and Forestry,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is in reply to your request for a report on S. 1504, a bill to amend the Consolidated Farmers Home Administration Act of 1961, as amended, to provide for loans to supplement farm income, authorize loans and grants for community centers, remove the annual ceiling on insured loans, increase the amount of unsold insured loans that may be made out of the fund, raise the aggregate annual limits on grants, establish a flexible loan interest rate, and for other purposes.

We favor the general objectives of the bill.

Many of the family farm operators who apply for real estate loans under section 303 of subtitle A of the Consolidated Farmers Home Administration Act are eligible for the assistance of the Farmers Home Administration, but do not have and are presently unable to acquire enough land resources to adequately utilize the labor of the family to enable it to have sufficient income for an acceptable standard of living. The proposed amendment to section 303(3) would permit the making loans which include funds to finance small nonfarm enterprises that will supplement the income of the family. Such enterprises

might include buildings and equipment needed for conducting mechanical repairs for farm or automotive equipment, the processing and marketing of locally produced products, or for woodworking, leather or handicraft shops, and other supplemental income enterprises. The enterprises will be located on the farm. While loans for these enterprises will be available to all eligible family farmers, major priority in administering the program will be directed toward low-income operators of small family farms.

The proposed amendments to section 306(a) would expand the purposes for which loans may be made or insured and grants made to associations operating on a nonprofit basis and to public and quasi-public agencies. This would provide loans and grants for community centers in rural areas when such centers are necessary for programs of health, recreation, education, and similar services and activities. The Department of Housing and Urban Development has authority to provide assistance for community centers in both urban and rural areas. This authority was initially funded in fiscal year 1967 and has been increased for fiscal year 1968. During the first year of this program, the Department of Housing and Urban Development has used only a relatively small portion of its funds for community centers in rural areas. However, it ordinarily takes a longer period of time to fully implement a program of this magnitude. Accordingly, the Department believes that it is advisable to postpone consideration of the proposal to amend section 306(a) until a sufficient time has elapsed to ascertain whether the program of the Department of Housing and Urban Development will meet the need for community centers in rural areas. Therefore, this Department, through its outreach function, will work closely with the Department of Housing and Urban Development to determine whether the program of that Department can be made adequate to meet the needs for community centers in rural areas.

The amendment proposed to section 306(a)(2) authorizes a \$100 million increase in the annual amount of grants for water and waste disposal projects for rural communities. The increase in applications for water and sewer projects demonstrates that the present authorization of \$50 million annually is not sufficient to meet even the most critical need. Specifically, 4,205 applications for assistance were received from rural communities in fiscal year 1966 as compared with 1,422 received in fiscal year 1965. On May 31, 1967, the Farmers Home Administration had on hand 2,392 applications from rural communities for assistance in the installation of domestic water systems and about 1,118 applications for assistance in the installation of community waste disposal systems. Over 700 applications were from communities seeking assistance for both water and waste disposal systems. Until recently, there has been no place for many rural communities to obtain assistance in developing public water and waste facilities. This Department recommends only a \$50 million increase.

The amendment proposed to section 306(a)(6) authorizes a \$20 million increase in the amount of grants which may be made annually for the preparation of comprehensive plans for the development of water and sewer systems. Until the passage of Public Law 89-240 in 1965, most rural public agencies were unable to finance the basic comprehensive planning essential to the orderly and economical development of these necessary utility services. The funds author-

ized by existing law for this purpose cannot meet the critical needs. As of May 31, 1967, there were 596 applications on hand and they are being received at the rate of approximately 65 per month. There is a particular need to provide all the assistance possible before October 1, 1968. After that date, development grants under Public Law 89-240 may not be made unless a comprehensive plan for the area is available and the proposed project is consistent with that plan. This Department recommends only a \$10 million increase.

The proposed amendments to sections 307 (a) and 316 would change the present maximum interest rate of 5 percent per annum to a flexible interest rate but not to exceed 5.5 percent per annum. The Department agrees that change in the interest rate is needed, but does not agree with the proposed formula. Accordingly, we recommended amending sections 307(a) and 316 to read as follows:

"Section 307(a) is amended by striking the second sentence and inserting in lieu thereof: 'Loans made or insured under this subtitle, except loans to public bodies whose obligations bear interest not subject to Federal income tax, shall bear interest at a rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of such loans, adjusted to the nearest one-eighth of one per centum, plus not to exceed one per centum per annum as determined by the Secretary. Such loans to such public bodies shall bear interest at a rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturity of such loans, adjusted to the nearest one-eighth of one per centum, less not to exceed one-half of one per centum per annum as determined by the Secretary in areas qualified under Section 103 or 401(a) of the Public Works and Economic Development Act of 1965.'

"Section 316 is amended by (a) striking from the first sentence 'at an interest rate not to exceed 5 per centum per annum,' and (b) adding at the end of the section the following: 'Loans made under this subtitle shall bear interest at a rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of such loans, adjusted to the nearest one-eighth of one per centum, plus not to exceed one per centum per annum as determined by the Secretary.' "

Borrowers in high-yield period would pay the higher interest rates. Borrowers in low-yield periods would benefit from the lower interest rates. For insured loans the 1-percent margin could be retained by the Government or made a part of the rate to the investor depending upon the condition of the market at the time of the transaction. This flexibility should avoid the need for making any interest differential payments to lenders during high interest rate periods. The formula will provide better guidance and more latitude to the Secretary in establishing interest rates from time to time.

Under section 307(a) farm ownership and soil and water loans are made to individuals, and loans to public bodies and other nonprofit corporations or associations are made for purposes such as water and waste disposal, recreation, and grazing. The interest rate for fiscal

year 1968 to such borrowers on 40-year loans would be based on the Treasury's average market yield on notes and bonds for May 1967. The rate would be at least $4\frac{5}{8}$ percent per annum but not more than $5\frac{5}{8}$ percent per annum. However, in non-EDA areas the interest rate on such loans to public bodies, whose interest payments are not subject to Federal income taxes, would be the market yield of $4\frac{5}{8}$ percent per annum; whereas, in EDA areas the rate on such loans to such public bodies could be decreased by not more than one-half of 1 percent per annum. The term "EDA areas" refers to those determined by the Economic Development Administration to qualify under section 103 or 401(a) of the Public Works and Economic Development Act of 1965. For operating loans under section 316, the interest rate for fiscal year 1968 to the borrower on loans of 7 to 12 years would be based on the Treasury's average market yield on notes and bonds for May 1967. The rate would be at least $4\frac{3}{4}$ percent per annum but not more than $5\frac{3}{4}$ percent per annum.

The amendment proposed to section 308 would eliminate the \$450 million limit on the aggregate of real estate loans insured by the Secretary in any 1 year. The existing limit will not permit the making of soil and water and farmownership loans for more than 9 months during the current fiscal year. There are about 82,000 farm families who qualify for farmownership loans annually, but the Farmers Home Administration can assist less than 20,000 of those families within the present limitation.

The applications for soil and water loans to nonprofit associations and public bodies have about tripled from fiscal year 1965 to fiscal year 1966 as indicated above. The 4,228 association loan applications on hand June 30, 1966, coupled with the 15,931 farmownership loan applications and 1,915 individual soil and water loan applications, represent a total demand for credit resources far in excess of the current \$450 million annual authorization. This increase in both farmownership and soil and water loan applications is indicative of the need in rural communities and shows the inadequacy of the annual \$450 million loan insurance authorization.

The Department agrees that the \$450 million ceiling should be removed, but recommends that the insurance authority be limited to October 1, 1969. Accordingly, we recommend that section 308 be amended by striking the words, "aggregating not more than \$450,000,000 in any one year" and by inserting in lieu thereof, "until October 1, 1969".

The \$50 million limitation contained in section 309(f) on the amount of loans that may be held in the Agricultural Credit Insurance Fund at any one time, pending initial sale, does not permit an even flow of real estate loanmaking activities and results in considerable delay in issuing checks to close loans. This amount should be increased to \$100 million to make it possible to have a smoother flow of loans through the fund and to permit the accumulation of blocks of loans to be sold to lenders interested in large investments. The increase would facilitate the orderly sales of loans to private investors without any additional cost to the Government.

The proposed amendment to section 312, which will become new item (6), would authorize the making of operating loans to finance small nonfarm enterprises. This amendment parallels the proposed authorization in section 303 to make real estate loans to finance real estate improvements and equipment for small nonfarm enterprises.

This amendment will afford borrowers an opportunity to have full employment and a better chance to achieve financial stability. The enterprises financed with operating loans might include equipment for repair shops, processing and transportation facilities, the production and marketing of handicraft items, and other enterprises. They also might include the purchase of tools and equipment to enable a family to obtain employment in other endeavors, such as timber cutting, timber hauling, painting, and carpentry.

If the bill is enacted, it is estimated that an additional \$150 million will be required for loans under the Agricultural Credit Insurance Fund and from the Farmers Home Administration direct loan account and for grants. That program level may require an additional increase for salaries and other administrative expenses for these new programs and authorities.

The Bureau of the Budget advises that there is no objection to the presentation of this report from the standpoint of the administration's program.

Sincerely yours,

ORVILLE L. FREEMAN.

THE GENERAL COUNSEL OF THE TREASURY,
Washington, D.C., July 31, 1967.

HON. HERMAN E. TALMADGE,
Chairman, Subcommittee on Agricultural Credit,
Committee on Agriculture and Forestry,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Reference is made to your request for the views of this Department on S. 1504, to amend the Consolidated Farmers Home Administration Act of 1961, as amended, to provide for loans to supplement farm income, authorize loans and grants for community centers, remove the annual ceiling on insured loans, increase the amount of unsold insured loans that may be made out of the fund, raise the aggregate annual limits on grants, establish a flexible loan interest rate, and for other purposes. Your request indicates that the Department's report should make particular reference to the fiscal implications of the bill.

Sections 5 and 9 of the proposed legislation would repeal the existing 5-percent interest rate ceiling on farmownership, soil and water, and operating loans, and provide new bases for determining interest rates under these programs. Rates on loans to other than public bodies would be based on a formula relating to yields on outstanding long-term Treasury obligations, subject, however, to a ceiling of 5½ percent.

The Treasury recommends the outright repeal of the interest rate ceiling, consistent with the recommendations in the 1962 report of the President's Committee on Federal Credit Programs. The Committee found that fixed interest rate ceilings produced perverse and unintended variations in interest rate subsidies as market rates vary, which result in (1) inequities among borrowers using the program at different times and (2) extraordinary demands for Federal loan and related grant funds at times of greatest inflationary pressures and overall budget tightness. The 5½ percent ceiling proposed in the bill is currently a submarket rate, would not permit charging the full formula rate proposed in the bill for all maturities under current market conditions, and would not provide sufficient flexibility to avoid the need

for making interest differential payments to private lenders purchasing these insured loans from the Farmers Home Administration.

The interest rate formula which would be provided for loans to public bodies by section 5 is also technically deficient in a number of respects. The Treasury is strongly opposed to the use of this formula. It would produce a rate which is an arbitrary average of past Treasury borrowing costs, is heavily weighted by the artificially low rates which prevailed during World War II, and bears no relationship to current borrowing costs, public or private.

In a report to your committee on S. 1504, dated July 11, 1967, the Secretary of Agriculture recommended amendments to the interest rate provisions of sections 307 and 316 of the Consolidated Farmers Home Administration Act which would base the interest rate on loans to other than public borrowers on a rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturity of such loans, adjusted to the nearest one-eighth of 1 percent.

The Secretary of Agriculture also recommended a formula for determining the interest rate on loans to public borrowers based on the average yield on outstanding obligations of the United States of comparable maturity. This formula would be consistent with the statutory formula for determining interest rates on loans to public bodies under the public facility loan program conducted by the Economic Development Administration.

The interest rate formulas recommended by the Secretary of Agriculture are consistent with the recommendations of the Committee on Federal Credit Programs. The Treasury Department recommends that they be adopted.

The Department has been advised by the Bureau of the Budget that there is no objection from the standpoint of the administration's program to the submission of this report to your committee.

Sincerely yours.

FRED B. SMITH, *General Counsel.*

DEPARTMENT OF AGRICULTURE,
Washington, D.C., March 16, 1967.

HON. HUBERT H. HUMPHREY,
President of the Senate.

DEAR MR. PRESIDENT: Enclosed is a draft of a bill, to amend the Consolidated Farmers Home Administration Act of 1961, as amended, to authorize additional loans for recreational enterprises, to increase the annual aggregate of insured loans, and for other purposes. These proposals will aid in accomplishing some of the recommendations in the President's message on poverty transmitted to the Congress on March 14, 1967.

The bill would amend sections 304 and 312 to provide additional authorizations for loans to individual farmowners or tenants to provide outdoor recreational facilities. The amendments to these sections would permit farmowners or tenants to convert all or a part of their entire acreage to recreational uses. Recreational developments receiving assistance under this authorization, as a matter of policy, would

be undertaken consistent with comprehensive land-use plans. Existing authorization for loans for recreational enterprises requires individuals to continue to have some farming operations. These changes make it possible for the entire farm to be used for outdoor recreational purposes.

Many farmers who now apply for assistance in financing a recreational enterprise desire to continue farming, but others desire to quit farming and give up any other employment they have and devote full time to income-producing recreational enterprises. The amendments would permit loans to be made to accomplish either result and would provide eligible applicants an opportunity to engage in recreational enterprises large enough to use the special skills necessary for success. The farming operation could not be larger than family size, but the family-size concept would not be applicable to recreational enterprises.

Loans for recreational purposes may, as appropriate under the respective sections, include funds for (a) acquisition of additional land and land development, (b) construction, improvement and operation of outdoor recreational facilities, equipment, and related buildings, (c) acquisition of animals, birds, fish, and supplies, (d) payment of operating expenses and cash rent, (e) refinancing of debts, and (f) loan closing costs. Additional loans would be available after conversion to full-time recreational enterprises should adequate credit not be available from other sources.

The change in section 308 of the act would eliminate the \$450-million limit on the aggregate of real estate loans that can presently be insured by the Secretary of Agriculture in any one year. It is proposed that, instead of this annual limitation, a termination date of October 1, 1969, be provided for this insurance authority.

The applications for soil and water loans to nonprofit associations and public bodies have about tripled from 1,422 in fiscal year 1965 to 4,205 in fiscal 1966. The 4,228 association loan applications on hand June 30, 1966, coupled with the 15,931 farmownership loan applications and 1,915 individual soil and water loan applications, represent a total demand for credit resources far in excess of the current \$450 million authorization. This increase in loan applications is indicative of the need in rural communities, and shows the inadequacy of the present annual \$450 million loan insurance authorization.

The proposed amendment to section 333(b) would delete the word "farming" to permit use of the same types of county committee certifications for recreational loans to individuals as are now being used for farm ownership, operating, and soil and water loans to individuals.

To carry out these new programs and authorities in the 1968 fiscal year, it is estimated that an additional \$25 million program level for insured loans under the agricultural credit insurance fund will be required. We expect to initiate the other amendments within present budget requests for fiscal year 1968.

A section-by-section analysis of the bill is enclosed.

The Bureau of the Budget advises that enactment of this proposed legislation would be in accord with the President's program.

Sincerely yours,

ORVILLE L. FREEMAN,
Secretary.

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

CONSOLIDATED FARMERS HOME ADMINISTRATION ACT OF 1961

* * * * *

SUBTITLE A—REAL ESTATE LOANS

* * * * *

SEC. 303. Loans may be made or insured under this subtitle for (1) acquiring, enlarging, or improving farms, including farm buildings, land and water development, use and conservation, **[including]** (2) recreational uses and facilities, (3) *enterprises needed to supplement farm income*, (4) refinancing existing indebtedness, and **[for]** (5) loan closing costs. In making or insuring loans for farm purchase, the Secretary shall give preference to persons who are married or have dependent families and, wherever practicable, to persons who are able to make initial downpayments, or who are owners of livestock and farm implements necessary successfully to carry on farming operations.

SEC. 304. Loans may also be made or insured under this subtitle (a) to any farmowners or tenants without regard to the requirements of section 302(1), (2), and (3) for the purposes only of land and water development, use and conservation, *not including recreational uses and facilities and* (b) *without regard to the requirements of section 302(2) and (3), to individual farmowners or tenants to finance outdoor recreational enterprises or to convert to recreational uses their farming or ranching operations, including those heretofore financed under this title.*

* * * * *

SEC. 306. (a) (1) The Secretary is also authorized to make or insure loans to associations, including corporations not operated for profit, and public and quasi-public agencies to provide for the application or establishment of soil conservation practices, shifts in land use, the conservation, development, use, and control of water, and the installation or improvement of drainage or waste disposal facilities, and recreational developments, all primarily serving farmers, ranchers, farm tenants, farm laborers, and other rural residents, and to furnish financial assistance or other aid in planning projects for such purposes.

(2) The Secretary is authorized to make grants aggregating not to exceed **[\$50,000,000]** *\$150,000,000* in any fiscal year to such associations to finance specific projects for works for the development, storage, treatment, purification, or distribution of water or the collection, treatment, or disposal of waste in rural areas. The amount of any grant made under the authority of this paragraph shall not exceed 50 per centum of the development cost of the project to serve the area which the association determines can be feasibly served by the facility and to adequately serve the reasonably foreseeable growth needs of the area.

(3) No grant shall be made under paragraph 2 of this subsection in connection with any facility unless the Secretary determines that

the project (i) will serve a rural area which is not likely to decline in population below that for which the facility was designed, (ii) is designed and constructed so that adequate capacity will be or can be made available to serve the present population of the area to the extent feasible and to serve the reasonably foreseeable growth needs of the area, or (iii) is necessary for orderly community development consistent with a comprehensive community water or sewer development plan of the rural area and not inconsistent with any planned development under State, county, or municipal plans approved as official plans by competent authority for the area in which the rural community is located and the Secretary shall establish regulations requiring the submission of all applications for financial assistance under this Act to the county or municipal government in which the proposed project is to be located for review and comment by such agency within a designated period of time. Until October 1, 1968, the Secretary may make grants prior to the completion of the comprehensive plan, if the preparation of such plan has been undertaken for the area.

(4)(A) The term "development cost" means the cost of construction of a facility and the land, easements, and rights-of-way, and water rights necessary to the construction and operation of the facility.

(B) The term "project" shall include facilities providing central service or facilities serving individual properties, or both.

(5) No loan or grant shall be made under this subsection which would cause the unpaid principal indebtedness of any association under this Act and under the Act of August 28, 1937, as amended, together with the amount of any assistance in the form of a grant to exceed \$4,000,000 at any one time.

(6) The Secretary may make grants aggregating not to exceed **[\$5,000,000]** ~~\$25,000,000~~ in any fiscal year to public bodies or such other agencies as the Secretary may determine having authority to prepare official comprehensive plans for the development of water or sewer systems in rural areas which do not have funds available for immediate undertaking of the preparation of such plan.

(7) Rural areas, for the purposes of water and waste disposal projects shall not include any area in any city or town which has a population in excess of 5,500 inhabitants.

(8) In each instance where the Secretary receives two or more applications for financial assistance for projects that would serve substantially the same group of residents within a single rural area, and one such application is submitted by a city, town, county or other unit of general local government, he shall, in the absence of substantial reasons to the contrary, provide such assistance to such city, town, county or other unit of general local government.

(9) No Federal funds shall be authorized for use unless it be certified by the appropriate State water pollution control agency that the water supply system authorized will not result in pollution of waters of the State in excess of standards established by that agency.

(10) In the case of sewers and waste disposal systems, no Federal funds shall be advanced hereunder unless the appropriate State water pollution control agency shall certify that the effluent therefrom shall conform with appropriate State and Federal water pollution control standards when and where established.

(b) The service provided or made available through any such association shall not be curtailed or limited by inclusion of the area

served by such association within the boundaries of any municipal corporation or other public body, or by the granting of any private franchise for similar service within such area during the term of such loan; nor shall the happening of any such event be the basis of requiring such association to secure any franchise, license, or permit as a condition to continuing to serve the area served by the association at the time of the occurrence of such event.

(c) In areas which have suffered major disasters the Secretary is authorized, without regard to the annual grant limitation in subsection (a)(2), to make or insure loans to associations, including corporations not operated for profit and public and quasi-public agencies, for the acquisition, construction, improvement, replacement, or extension of waste disposal systems and other public facilities damaged or destroyed as a result of a major disaster providing for community services in rural areas, when the Secretary determines that such action is necessary for the rebuilding of a community or a portion thereof damaged by a disaster, and to make grants not to exceed 50 per centum of the cost of repair, reconstruction, or replacement of waste disposal systems, water systems, and other public facilities damaged or destroyed as a result of a major disaster providing for community services in these areas in any case in which repayment of a loan for such purposes from income would require a charge for such service which the Secretary determines to be beyond the ability of a majority of the users who might be served thereby to pay such charges and if such charge would exceed cost of such services in comparable communities in the State.

(d) *An applicant for a loan under this section for a water or sewer project to serve any area in any city or town shall, together with the Secretary, make all reasonable efforts to obtain private or cooperative financing of the project; and where such efforts are unsuccessful, the Administrator of the Farmers Home Administration shall personally so determine and furnish a report thereon to the Committee on Agriculture and Forestry of the Senate and the Committee on Agriculture of the House of Representatives. Whenever in the judgment of the Secretary a sewer or water project can be financed through a grant under this section and a loan from private or cooperative sources as advantageously to the applicant and as economically to the Government as through financing by the Government under this section (taking an allowance to cover current administrative costs into account), the Secretary shall require the applicant to obtain such loan from private or cooperative sources.*

(e) *Each department or agency of the Federal Government which is authorized to furnish financial assistance for any of the purposes for which financial assistance may be furnished under this section shall carefully review each application for such assistance received by it, determine whether the needs of the applicant may be better served by another department or agency, and, if so, advise the applicant and such other department or agency of such determination. The President shall issue such rules and regulations as he deems necessary or desirable to assure (1) the coordination of the program authorized by this Act with related programs of other agencies, including the Department of Housing and Urban Development, the Department of Commerce, and the Department of the Interior; and (2) the availability to prospective applicants of information on the alternative programs available to them.*

SEC. 307. (a) The period for repayment of loans under this subtitle shall not exceed forty years. [The Secretary shall from time to

time establish the interest rate or rates at which loans for various purposes will be made or insured under this subtitle but not in excess of 5 per centum per annum.】 *Loans made or insured under this subtitle, except loans to public bodies whose obligations bear interest not subject to Federal income tax, shall bear interest at a rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of such loans, adjusted to the nearest one-eighth of 1 per centum, plus not to exceed 1 per centum per annum as determined by the Secretary. Such loans to such public bodies shall bear interest at a rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturity of such loans, adjusted to the nearest one-eighth of 1 per centum, less not to exceed one-half of 1 per centum per annum as determined by the Secretary in areas qualified under section 103 or 401 (a) of the Public Works and Economic Development Act of 1965. The borrower shall pay such fees and other charges as the Secretary may require.*

(b) The Secretary shall take as security for the obligations entered into in connection with loans, mortgages on farms with respect to which such loans are made or such other security as the Secretary may require, and for obligations in connection with loans to associations under section 306, shall take liens on the facility or such other security as he may determine to be necessary. Such security instruments shall constitute liens running to the United States notwithstanding the fact that the notes may be held by lenders other than the United States.

SEC. 308. Loans under this subtitle may be insured by the Secretary 【, aggregating not more than \$450,000,000 in any one year,】 *until October 1, 1969* whenever funds are advanced or a loan is purchased by a lender other than the United States. In connection with insurance of loans, the Secretary—

(a) is authorized to make agreements with respect to the servicing of loans insured hereunder and to purchase such loans on such terms and conditions as he may prescribe; and

(b) may retain out of payments by the borrower a charge at a rate specified in the insurance agreement applicable to the loans.

Any contract of insurance executed by the Secretary under this subtitle shall be an obligation supported by the full faith and credit of the United States and incontestable except for fraud or misrepresentation of which the holder has actual knowledge.

SEC. 309. * * *

(f) The Secretary may utilize the fund—

(1) to make loans which could be insured under this subtitle Whenever the Secretary has reasonable assurance that they can be sold without undue delay, and may sell and insure such loans. The aggregate of the principal of such loans made and not disposed of shall not exceed 【\$50,000,000】 *\$100,000,000* at any one time;

(2) to pay the interest to which the holder of the note is entitled on loans heretofore or hereafter insured accruing between the date of any prepayments made by the borrower and the date of transmittal of any such prepayments to the lender. In

the discretion of the Secretary, prepayments other than final payments need not be remitted to the holder until due;

(3) to pay to the holder of the notes any defaulted installment or, upon assignment of the note to the Secretary at the Secretary's request, the entire balance due on the loans;

(4) to purchase notes in accordance with agreements previously entered into; and

(5) to pay taxes, insurance, prior liens, expenses necessary to make fiscal adjustments in connection with the application and transmittal of collections and other expenses and advances authorized in section 335(a) in connection with insured loans.

SUBTITLE B—OPERATING LOANS

* * * * *

SEC. 312. Loans may be made under this subtitle for (1) paying costs incident to reorganizing the farming system for more profitable operation, (2) purchasing livestock, poultry, and farm equipment, (3) purchasing feed, seed, fertilizer, insecticides, and farm supplies and to meet other essential farm operating expenses including cash rent, (4) financing land and water development, use, and conservation [including recreational uses and facilities], (5) *without regard to the requirements of section 311 (2) and (3), to individual farmers or ranchers to finance outdoor recreational enterprises or to convert to recreational uses their farming or ranching operations, including those heretofore financed under this title,* (6) *enterprises needed to supplement farm income,* (7) refinancing existing indebtedness, [(6)] (8) other farm and home needs including but not limited to family subsistence, and [(7)] (9) for loan closing costs.

* * * * *

SEC. 316. The Secretary shall make all loans under this subtitle [at an interest rate not to exceed 5 per centum per annum,] upon the full personal liability of the borrower and upon such security as the Secretary may prescribe. Such loans shall be payable in not more than seven years, but may be renewed for not more than five additional years. *Loans made under this subtitle shall bear interest at a rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of such loans, adjusted to the nearest one-eighth of 1 per centum, plus not to exceed 1 per centum per annum as determined by the Secretary.*

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SUBTITLE D—ADMINISTRATIVE PROVISIONS

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SEC. 333. In connection with loans made or insured under this title, the Secretary shall require—

(a) the applicant to certify in writing that he is unable to obtain sufficient credit elsewhere to finance his actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in the community in or near which

the applicant resides for loans for similar purposes and periods of time;

(b) except for loans under sections 306, 314 and 321(b)(2), the county committee to certify in writing that the applicant meets the eligibility requirements for the loan, and has the character, industry, and ability to carry out the proposed [farming] operations, and will, in the opinion of the committee, honestly endeavor to carry out his undertakings and obligations; and for loans under section 306, 314 and 321(b)(2), the Secretary shall require the recommendation of the county committee as to the making or insuring of the loan;

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Aug. 28, 1967

13. LEGISLATIVE OVERSIGHT. Rep. Laird stated, "Congress has not done the job of legislative oversight of administration that should have been done," and inserted excerpts of articles supporting his position. pp. H11398-400
14. FEDERAL-AID HIGHWAY SYSTEM. Rep. Cahill stated "there are some compelling reasons which call for an immediate study of our Federal highway programs, with a view toward possible changes." pp. H11401-3
15. ADJOURNMENT. Agreed to H. Con. Res. 497, providing that the two Houses shall adjourn from Thurs., Aug. 31 until Sept. 11. p. H11324

SENATE

16. LOANS. Passed as reported S. 1504, to amend the Consolidated Farmers Home Administration Act of 1961. As passed this bill would:
- (1) include (I) enterprises needed to supplement farm income and (II) conversion of farms to recreation among the purposes for which loans may be made under subtitles A (real estate) and B (operating);
 - (2) increase the annual development grant authority under section 306 to \$150 million (from \$50 million);
 - (3) increase the annual grant authority for comprehensive planning of water or sewer systems to \$25 million (from \$5 million);
 - (4) require (I) all reasonable efforts to be made to obtain a loan from private or cooperative sources in the case of a loan for a sewer or water project to serve a city or town, (II) a report to the Committees on Agriculture whenever such efforts are unsuccessful, and (III) the use of credit from such sources when available on terms as advantageous to the applicant and as economical to the Government as financing under the bill;
 - (5) provide for coordination of Federal programs of assistance for sewer and water projects;
 - (6) provide for interest rates determined after consideration of the cost of funds to the United States, and in no event exceeding (in the case of tax-exempt obligors) that charged by other Federal agencies on future subtitle A and B loans; (instead of rates fixed by the Secretary of Agriculture at not exceeding 5 percent);
 - (7) remove the \$450 million limit on annual insured loan authority and terminate such authority October 1, 1969; and
 - (8) increase the amount of direct loans made from the insurance fund for resale which can be outstanding at any time to \$100 million (from \$50 million). pp. S12321-5
17. RURAL DEVELOPMENT. Sen. Harris spoke in favor of S. 2134, the proposed Rural Job Development Act of 1967, and inserted several articles in support of this measure. pp. S12346-7
18. HIGHWAY BEAUTIFICATION. Passed as reported S. 1467, to authorize funds for highway safety and beautification programs. pp. S12362-70
19. AGRICULTURAL BILLS. The Agriculture and Forestry Committee reported the following bills: with amendments S. 974, to authorize conveyance of certain ARS land to the city of Glendale, Ariz. (S. Rept. 546); and S. 1568, to amend the Federal Farm Loan Act with regard to restrictions on eligibility for loans by Federal land banks (S. Rept. 547); and without amendment S. 1477, to permit the National Advisory Committee on Agricultural Research to meet annually and at such other times as are deemed necessary rather than quarterly (S. Rept.

543); S. 1564, to amend the Agricultural Adjustment Act of 1938 regarding conversion of the national tobacco marketing quota into a national acreage allotment (S. Rept. 544); and H. R. 547, to authorize the sale of the Pleasanton Plant Materials Center in Alameda County, Calif., and to provide for the establishment of a more suitable location for the replacement therefor (S. Rept. 545) p. S12297

20. RECREATION. Sen. Yarborough spoke in favor of his bill S. 4, to establish the Big Thicket National Park, Tex., and inserted several articles in support of this measure. pp. S12341-2
21. PERSONNEL. Sen. Ervin inserted an article in support of S. 1035, to protect the civilian employees of the executive branch of the U. S. Government in the enjoyment of their constitutional rights and to prevent unwarranted governmental invasions of their privacy. pp. S12285-6
22. FOREIGN AID. Conferees were appointed on S. 1872, the foreign aid bill. House conferees have not yet been appointed. pp. S12290-6
23. SOCIAL SECURITY. Sen. Moss submitted two amendments to H. R. 12080, the proposed Social Security Act amendments, and urged enactment of the bill. pp. S12305-6
Sen. Byrd, W. Va., spoke in favor of his amendment to the proposed Social Security Act amendments and urged enactment of the bill. pp. S12327-8
24. ECONOMY; TAXATION. Sen. Proxmire disagreed with the proposed tax increase "in view of the present state of the economy," and urged a substantial cut in Federal spending. p. S12308
25. HEALTH. Sen. Baker spoke in favor of S. Res. 68, to establish a Select Senate Committee on Technology and the Human Environment, and inserted a number of letters in support of this measure. pp. S12311-9
26. PLANNING-PROGRAMMING-BUDGETING. Sen. Mondale inserted an article, "HEW Grapples with PPBS," which "makes an excellent and significant contribution to the growing effort to evaluate and understand PPBS." pp. S12332-8
27. EXPORT-IMPORT BANK. Sen. McGee inserted an editorial critical of the Senate's action on the Export-Import Bank bill. p. S12342
28. ECONOMIC DEVELOPMENT. Sens. Randolph and Muskie commended the progress accomplished under the Public Works and Economic Development Act through the Economic Development Administration and cited specific examples of projects undertaken through this program. pp. S12361-2
29. APPROPRIATIONS. The Appropriations Committee ordered reported (but did not actually report) with amendment H. R. 9960, the HUD and independent offices appropriation bill. p. D777
30. TEXTILE IMPORTS. Sens. Kennedy, N. Y., and Yarborough were added as cosponsors to S. 1796, to impose quotas on the importation of certain textile articles. p. S12306

I speak not as one who is unfriendly to the British people. They have, in ages past and in the 20th century, given the world a full measure of the lesson of real democracy.

But I am alarmed over events in Vietnam. I am deeply concerned because every day more and more Americans die there. And while that conflict increasingly becomes an American war, the rest of the world, our friends included, are indifferent or even hostile.

WAIVER OF CALL OF THE CALENDAR

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the call of the Legislative Calendar, under rule VIII, be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT OF THE CONSOLIDATED FARMERS HOME ADMINISTRATION ACT OF 1961

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 524, S. 1504, which has been cleared on both sides of the aisle.

The PRESIDING OFFICER. The bill will be stated by title.

The ASSISTANT LEGISLATIVE CLERK. A bill (S. 1504) to amend the Consolidated Farmers Home Administration Act of 1961, as amended, to provide for loans to supplement farm income, authorize loans and grants for community centers, remove the annual ceiling on insured loans, increase the amount of unsold insured loans that may be made out of the fund, raise the aggregate annual limits on grants, establish a flexible loan interest rate, and for other purposes.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Agriculture and Forestry, with an amendment, to strike out all after the enacting clause and insert:

That the Consolidated Farmers Home Administration Act of 1961, as amended, is further amended as follows:

The first sentence of section 303 is amended to read as follows: "Loans may be made or insured under this subtitle for (1) acquiring, enlarging, or improving farms, including farm buildings, land and water development, use and conservation, (2) recreational uses and facilities, (3) enterprises needed to supplement farm income, (4) refinancing existing indebtedness, and (5) loan closing costs."

SEC. 2. Section 304 is amended by inserting after the word "subtitle" in section 304 the letter "(a)", by inserting a comma in lieu of the period at the end of the section and adding the following: "not including recreational uses and facilities and (b) without regard to the requirements of section 302 (2) and (3), to individual farmowners or tenants to finance outdoor recreational enterprises or to convert to recreational uses their farming or ranching operations, including those heretofore financed under this title."

SEC. 3. Section 306(a)(2) is amended by changing "\$50,000,000" to "\$150,000,000".

SEC. 4. Section 306(a)(6) is amended by changing "\$5,000,000" to "\$25,000,000".

SEC. 5. Section 306 is further amended by adding at the end thereof the following:

"(d) An applicant for a loan under this section for a water or sewer project to serve any area in any city or town shall, together with the Secretary, make all reasonable efforts to obtain private or cooperative financing of the project; and where such efforts are unsuccessful, the Administrator of the Farmers Home Administration shall personally so determine and furnish a report thereon prior to the approval of the loan to the Committee on Agriculture and Forestry of the Senate and the Committee on Agriculture of the House of Representatives. Whenever in the judgment of the Secretary a sewer or water project can be financed through a grant under this section and a loan from private or cooperative sources as advantageously to the applicant and as economically to the Government as through financing by the Government under this section (taking an allowance to cover current administrative costs into account), the Secretary shall require the applicant to obtain such loan from private or cooperative sources.

"(e) Each department or agency of the Federal Government which is authorized to furnish financial assistance for any of the purposes for which financial assistance may be furnished under this section shall carefully review each application for such assistance received by it, determine whether the needs of the applicant may be better served by another department or agency, and, if so, advise the applicant and such other department or agency of such determination. The President shall issue such rules and regulations as he deems necessary or desirable to assure (1) the coordination of the program authorized by this Act with related programs of other agencies, including the Department of Housing and Urban Development, the Department of Commerce, and the Department of the Interior; and (2) the availability to prospective applicants of information on the alternative programs available to them."

SEC. 6. Section 307(a) is amended by striking the second sentence and inserting in lieu thereof: "Loans made or insured under this subtitle, except loans to public bodies whose obligations bear interest not subject to Federal income tax, shall bear interest at a rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of such loans, adjusted to the nearest one-eighth of 1 per centum, plus not to exceed 1 per centum per annum as determined by the Secretary. Such loans to such public bodies shall bear interest at a rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturity of such loans, adjusted to the nearest one-eighth of 1 per centum, less not to exceed one-half of 1 per centum per annum as determined by the Secretary in areas qualified under section 103 or 401(a) of the Public Works and Economic Development Act of 1965. In no event shall the rate determined in the foregoing sentence be greater than that applicable to loans contemporaneously made or insured by, or available from, any other agency of the United States for similar purposes."

SEC. 7. Section 308 is amended by striking out the phrase "aggregating not more than \$450,000,000 in any one year," and by inserting in lieu thereof, "until October 1, 1969".

SEC. 8. Section 309(f) is amended by changing the figure "\$50,000,000" to "\$100,000,000".

SEC. 9. Section 312 is amended by (a) revising subsection (4) to read as follows:

"(4) financing land and water development, use, and conservation,"; (b) inserting new items (5) and (6) to read as follows: "(5) without regard to the requirements of section 311 (2) and (3), to individual farmers or ranchers to finance outdoor recreational enterprises or to convert to recreational uses their farming or ranching operations, including those heretofore financed under this title, (6) enterprises needed to supplement farm income,"; and (c) by renumbering the present items "(5), (6), and (7)" to "(7), (8), and (9)".

SEC. 10. Section 316 is amended by (a) striking from the first sentence "at an interest rate not to exceed 5 per centum per annum," and (b) adding at the end of the section the following: "Loans made under this subtitle shall bear interest at a rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of such loans, adjusted to the nearest one-eighth of 1 per centum, plus not to exceed 1 per centum per annum as determined by the Secretary."

SEC. 11. Section 333(b) is amended by striking the word "farming".

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. LONG of Louisiana. Mr. President, is this a bill to provide additional services to farm homes?

Mr. AIKEN. It is.

Mr. LONG of Louisiana. Is it a bill that provides for helping farmers to get water for their homes in small communities?

Mr. AIKEN. That is correct. And also to provide for sewage facilities. The bill is sponsored by 93 Members of the Senate, of which the distinguished Senator from Louisiana is one.

Mr. LONG of Louisiana. I am proud to be a sponsor of the bill.

There was discussion about amending the bill to make it broad enough to provide additional services, such as gas, and perhaps others. Have such amendments been agreed to?

Mr. AIKEN. No. If the Senator means broadening it to include gas installations, and so forth, it was decided not to broaden it; because, after all, we do have to leave something for the House to do, as we did 2 years ago, when we passed the water bill in the Senate and the House added the provision relating to sewage.

I do not say that this is a perfect bill. It could be improved by the House.

Mr. LONG of Louisiana. Would the Senator feel that he would be required to oppose an amendment that would include gas?

May I say to the Senator that, so far as I am concerned, it is perfectly all right with me for private concerns to provide the gas service, if they will; but in some instances it is difficult to get it done. I would even be willing to go along with a provision that it could be put in, and at any time a private company wanted to provide the service, they could take it over. When you dig a ditch and put down a water distribution line, you might just as well put a gasline alongside it, and it seems to me that that would be a good time to do so.

Mr. AIKEN. Various amendments were considered. All witnesses testified in favor of the bill. The Bureau of the Budget did not oppose it, as it did the original bill 2 years ago, and they were finally turned in the right direction by the President himself. We felt that we would not tempt fate too far. I realize that other facilities are required by the rural areas. In fact, at the request of the administration, we eliminated the financing of community centers because they felt the program of the Department of Housing and Urban Development should be given a chance to meet this need.

I do think it is very essential that we continue with programs to build up the rural areas, not that we should neglect the cities, because we should not do that, but cities and rural areas must come along together if we are going to make this the great country we think it should be in the future.

Mr. LONG of Louisiana. Does the Senator feel at this time that he would be obliged to oppose an amendment that would include gas distribution facilities in the bill?

Mr. AIKEN. Inasmuch as this bill was reported by the Committee on Agriculture and Forestry with a unanimous vote, I think that I would not favor any additional amendments to it unless they were approved by at least a majority of the committee.

Mr. LONG of Louisiana. I shall not press for such an amendment at this time, but I hope in the future we may achieve that result of expanding the purposes of this bill, which have been so nobly advanced by the distinguished Senator from Vermont, to include some additional services. The bill which the Senator pioneered in this area has done wonderful things all over the country. I am aware of what it has done for my native State of Louisiana.

I am grateful to the Senator for the leadership he has provided.

Mr. AIKEN. Mr. President, there is much more that can be done to make our country more attractive and a more remunerative place in which to live. Much can be done to improve the conditions of our cities and suburbs, as well as our rural areas, and I believe we can always work toward that end.

I hope the Senate will pass the bill as it is now. I am satisfied that the House of Representatives may have some improvements to add to the bill, and possibly the suggestion of the Senator from Louisiana may be one of them. However, we did not want to go too far, and so we included what we were pretty sure would merit approval or receive the approval of the administration.

Mr. LONG of Louisiana. I thank the Senator.

Mr. RANDOLPH. Mr. President, will the Senator yield for an observation?

Mr. AIKEN. I yield.

Mr. RANDOLPH. Mr. President, there are not many Senators in the Chamber at this time, but if more Senators were present I am sure they would join, as the Senator from Louisiana and the Senator from West Virginia join, in a sincere compliment to the distinguished Sen-

ator from Vermont for his leadership in this field.

I know that in West Virginia there is no program which is more popular than FHA, nor is there any other program that comes closer to helping our rural population than the program sponsored and guided so effectively by the Senator from Vermont.

Literally tens of thousands of people in West Virginia now have running water through this program. It is estimated that over 70,000 persons in the State are benefiting in some way through the activities of FHA.

In noting the program of FHA in West Virginia, I call attention to the dedicated leadership and service of our State director, his staff, and his field personnel.

The State director, A. James Manchin, has developed an organization which serves people.

Mr. President, this program has strengthened the sinews of our rural population in our State and through that strengthening we believe we make a meaningful contribution to a strong America.

Mr. AIKEN. I thank the Senator who from the start has been a strong supporter of this program. I have been interested in following the reports received from the State of West Virginia, and from my observation there is hardly any State in the Union which cooperated more fully per capita and per acre with this program than the State of West Virginia. I am glad to hear of the great benefits they have received.

Mr. RANDOLPH. I thank the Senator.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. AIKEN. I yield.

Mr. CARLSON. Mr. President, I did not want the distinguished Senators to think that this is a program only for Vermont and West Virginia. This program is very valuable in the Middle West. We have been using it. I have visited many areas in our State where we have these new water facilities and the services that have been rendered through the program which has been sponsored by the Senator from Vermont.

Mr. President, I want the RECORD to show that we appreciate the leadership of the Senator from Vermont in this matter.

Mr. AIKEN. Let me say that the Senator from Kansas has been a real power in getting this program underway. In that regard let me say that all Senators west of the Mississippi are sponsors of S. 1504.

Mr. President, in 1965 we passed Public Law 89-240 to provide grants and other assistance to rural areas in obtaining water and sewer facilities. That law was approved October 7, 1965, and has already been of tremendous assistance to rural communities. In fiscal 1966, 4,205 applications for water and sewer development assistance were received. As of May 27, 1967, there were 4,238 inquiries and applications pending for loans and grants totaling \$1,145,483,664. The need for this type of assistance is tremendous, and the grant and loan insurance authority authorized by Public Law 89-240 has proved insufficient to meet the demand.

The pending bill, S. 1504, would therefore authorized increased grants and increased loan insurance authority to meet this demand. The annual authority for development grants would be increased \$100 million to permit grants of up to \$150 million a year. Annual planning grant authority would be increased \$20 million to provide for grants of up to \$25 million a year. The limit of \$450 million on the amount of loans which may be insured would be removed. There is no limit on the amount of direct loans which may be made, except that fixed annually by appropriation acts.

These changes should contribute greatly to the development of rural America as a better place to work and live.

The bill would also authorize loans to farmers to enable them to undertake enterprises needed to supplement farm income or to convert their farms to recreation. Such loans would enable them to use their time and resources more fully, provide needed services for the community, and obtain additional, needed income.

The bill provides for flexible interest rates based on the cost of the funds to the Government. The new formula was recommended by the Department of Agriculture, and the committee was advised that the executive policy is to establish uniform interest rates for similar Government programs. In order to be sure that rural areas would never have to pay a rate higher than urban areas, the committee included a provision specifically requiring that the rate to small towns under the bill should in no event be greater than that provided under any other similar Government program.

The bill has been sponsored by most of the Senate and was approved by all witnesses.

The bill also provides additional assurance to that now in the law that the Farmers Home Administration will restrict itself to borrowers who are unable to obtain credit elsewhere on reasonable terms to meet their actual needs. The bill provides that in the case of a municipal sewer or water loan the applicant and the Secretary shall make all reasonable efforts to obtain credit elsewhere, and the Farmers Home Administration is required to report to the Committees on Agriculture whenever such efforts are unsuccessful. Whenever a sewer or water project can be financed in part through a loan from private sources and the financing will be as advantageous to the applicant and the Government as financing by the Government alone, the bill requires such partial private financing. It is not intended that the Government would subsidize the private lenders in any way. If the Government is required to participate in the financing to any extent, then it should do so in the most economical way possible; and it should permit private lenders to participate only where such participation adds nothing to the Government cost and does not lessen the benefit to the applicant in any way.

Mr. President, I would like to point out that there is a typographical error in the committee report on this bill. On

page 7, the figure at the end of line 2 should be 4½ rather than 4%.

Mr. MANSFIELD. Mr. President, this bill was sponsored by 93 Senators, was reported unanimously by the Committee on Agriculture and Forestry, and represents another testament to the integrity, devotion, and the great care demonstrated by the distinguished senior Senator from Vermont in tending to the needs of his constituents and the needs of the Nation as well. In my opinion, judging from my years in Congress, no man of either party has shown such an undeviating dedication to, such a great, and sincere interest in the welfare of those living in our rural communities than has the Senator from Vermont. As a Senator from a rural State, I appreciate his achievements—I salute him for his many outstanding contributions and his tireless efforts for the betterment of all of the people of the Republic.

Mr. AIKEN. I thank the Senator from Montana, whose early encouragement and influence made it possible to get the rural water and water disposal program off to such a fine start. No Member of this body has done more to promote rural development in America than has the Senator from Montana [Mr. MANSFIELD].

Mr. President, I wish to make clear that the few Senators who were not sponsors of the bill did not fail to sponsor the bill because they were opposed to the program, but, rather, because they had a policy of not cosponsoring bills.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report—No. 540—explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

SHORT EXPLANATION

This bill would amend the Consolidated Farmers Home Administration Act of 1961 to—

(1) include (I) enterprises needed to supplement farm income and (II) conversion of farms to recreation among the purposes for which loans may be made under subtitles A (real estate) and B (operating);

(2) increase the annual development grant authority under section 306 to \$150 million (from \$50 million);

(3) increase the annual grant authority for comprehensive planning of water or sewer systems to \$25 million (from \$5 million);

(4) require (I) all reasonable efforts to be made to obtain a loan from private or cooperative sources in the case of a loan for a sewer or water project to serve a city or town, (II) a report to the Committees on Agriculture whenever such efforts are unsuccessful, and (III) the use of credit from such sources when available on terms as advantageous to the applicant and as economical to the Government as financing under the bill;

(5) provide for coordination of Federal programs of assistance for sewer and water projects;

(6) provide for interest rates determined after consideration of the cost of funds to the United States, and in no event exceeding (in the case of tax-exempt obligors) that charged by other Federal agencies on future subtitle A and B loans; (instead of rates fixed by the Secretary of Agriculture at not exceeding 5 percent.);

(7) remove the \$450 million limit on annual insured loan authority and terminate such authority October 1, 1969; and

(8) increase the amount of direct loans made from the insurance fund for resale which can be outstanding at any time to \$100 million (from \$50 million).

COMMITTEE CONSIDERATION

The committee's Subcommittee on Agricultural Credit and Rural Electrification held hearings on this bill on July 12 and 13, 1967, and heard all witnesses who desired to be heard. All witnesses favored the objectives of the bill, but many amendments were proposed. The subcommittee and the committee gave careful consideration to all proposals and developed the amendment in the nature of a substitute recommended in this report. The committee has further recommended amendment of the title of the bill to conform to the recommended text.

SECTION-BY-SECTION EXPLANATION

Section 1. Loans for enterprises to supplement farm income

The first section of the bill, as recommended by the committee, provides for amendment of the Consolidated Farmers Home Administration Act of 1961 "as follows", so that all subsequent sections should be read as amending that act.

The first section amends section 303 of the act to include "enterprises needed to supplement farm income" among the purposes for which loans may be made under that section. (Sec. 303 authorizes real estate loans to owner-operators of not larger than family farms who are unable to obtain sufficient credit elsewhere. The loan purposes now authorized by sec. 303 are "acquiring, enlarging, or improving farms, including farm buildings, land and water development, use and conservation, including recreational uses and facilities, refinancing existing indebtedness, and for loan closing costs".) The purpose of section 303 is to provide farmers who are unable to obtain credit elsewhere with sufficient credit to engage in farming. Often the income from the farm is insufficient to enable the farmer to support himself and his family and he must look elsewhere for supplemental income. This section would provide him with that opportunity.

Section 2. Loans to convert farms to recreation

This section authorizes loans for the conversion of farms to recreational use. It would not have any effect on the present policies of the Farmers Home Administration with respect to loans for nonfarm recreational purposes. Under section 2(b)(2)(A) of the Participation Sales Act of 1966 such loans are not pooled for the purpose of issuing participation sales certificates. Hence, most nonfarm recreational loans (other than to public bodies) are insured loans. It is also not intended to provide for loans to persons who have not been regularly engaged in farming, but acquire a farm for the purpose of establishing a recreational enterprise. It is intended that the Secretary will restrict loans under this provision to persons who have been regularly engaged in farming for at least 2 years prior to their application for an initial loan for recreational purposes.

This section, which was inserted by the committee, is the same as subsection (a) of S. 1479, which was requested by the Department of Agriculture and was one of the bills covered by the committee's hearings. There was no objection to this provision at the hearings. The Department explained this section as follows:

"The addition to section 304 will authorize loans to individual farm or ranch owners or tenants to establish or further develop outdoor recreational enterprises. That section will authorize the use of funds for acquiring the additional essential resources for income-

producing recreational activities. The amount of each loan to an individual will be subject to the \$60,000 and normal value limitation in section 305(a).

"The applicant will be required to be a farm or ranch owner or tenant when he receives the initial recreation loan. Subsequent loans can be made for the recreational enterprise originally financed under this subtitle. The applicant may, but will not be required to, continue to farm after the loan is made. The labor requirements for a recreational enterprise may exceed the equivalent of those for a family farming operation.

"Recreation loans under this section may be made or insured for (1) acquisition of additional land and land development, (2) construction, improvement, and operation of outdoor recreational facilities, equipment, and related buildings, (3) refinancing of debts, and (4) loan closing costs."

Section 3. Water and sewer development grants

This section increases the annual limit on development grants under section 306(a)(2) to \$150 million (from \$50 million). These grants for rural water and sewer project development costs were authorized by amendment of section 306 by Public Law 89-240, approved October 7, 1965. Before that date only loans were authorized. The Department advises that the increase in applications for water and sewer projects demonstrates that the present authorization of \$50 million annually is not sufficient to meet even the most critical need. In fiscal year 1966, 4,205 applications for assistance were received from rural communities as compared with 1,422 received in fiscal year 1965. On May 31, 1967, the Farmers Home Administration had on hand 2,392 applications from rural communities for assistance in the installation of domestic water systems and about 1,118 applications for assistance in the installation of community waste disposal systems. Over 700 applications were from communities seeking assistance for both water and waste disposal systems. Until recently, there has been no place for many rural communities to obtain assistance in developing public water and waste facilities.

Section 4. Planning grants

This section increases the annual limit on planning grants under section 306(a)(6) to \$25 million (from \$5 million). These grants were authorized by Public Law 89-240 to be made to public bodies or other agencies having authority to prepare official comprehensive plans for the development of rural water or sewer systems. Until the passage of Public Law 89-240 in 1965, most rural public agencies were unable to finance the basic comprehensive planning essential to the orderly and economical development of these necessary utility services. The funds authorized by existing law for this purpose cannot meet the critical needs. As of May 31, 1967, there were 596 applications on hand and they were being received at the rate of approximately 65 per month. There is a particular need to provide all the assistance possible before October 1, 1968. After that date, development grants under Public Law 89-240 may not be made unless a comprehensive plan for the area is available and the proposed project is consistent with that plan.

Section 5. Credit elsewhere and coordination of Government programs

This section would add two new subsections to section 306 of the Consolidated Farmers Home Administration Act of 1961 as follows:

New section 306(a). Credit elsewhere. The proposed section 306(d) would require (1) all reasonable efforts to be made to obtain a loan from private or cooperative sources in the case of a loan for a sewer or water project to serve a city or town, (ii) a report to the Committee on Agriculture whenever such

efforts are unsuccessful, and (iii) the use of such credit, when available on terms as advantageous to the applicant and as economical to the Government as financing under the bill.

At the hearings the Investment Bankers Association and a group of municipal bond underwriters proposed a number of amendments relative to interest rates, limitations on insurance authority, efforts to obtain credit elsewhere, the backlog of applications, and other matters.

The committee hopes that the problem of the large backlog of applications for sewer and water loans and grants can be taken care of administratively. The witnesses pointed out that other agencies with similar backlog problems have initiated programs to reduce the backlog. The committee was advised informally by the Department of Housing and Urban Development that its backlog reduction program has been successful and well received. Where there is no possibility that an application can be approved and funded within a reasonable time, the applicant should be so advised. The Director of the Bureau of the Budget wrote to the Secretary of Agriculture on April 19, 1967, urging the application of priority-setting criteria to meet this problem; and the Department of Agriculture has advised the committee informally that it is "preparing for the early issue of an instruction which will establish significant and pertinent consideration to permit (1) processing of those applications which will result in serving the greatest existing need, (2) estimation in advance of the volume of Federal assistance which is likely to be available, (3) rejecting for current consideration applications in excess of such estimated available funds, and (4) committing and obligating available funds among applications entertained in accordance with the community's appraised immediate need." The committee felt that this problem could be solved better administratively than through legislation, and therefore did not adopt any amendment to accomplish this end.

The Department advised that it planned using direct, rather than insured, loan authority in the future in the case of applicants whose obligations bear interest not subject to Federal income tax. Since the underwriters were concerned with obligations of this type of applicant, the committee felt the amendments proposed by them to limit the loan insurance authority would not have the effect they sought, and the committee did not recommend adoption of their amendments on this subject.

The new section 306(d) is designed to meet the objections of these witnesses with respect to credit elsewhere and interest rates insofar as they can be met without increasing the cost to the Government or lessening the benefits to borrowers.

One amendment proposed by the investment bankers and underwriters would have required the furnishing of three letters from usual sources of municipal credit showing that credit was not available from such sources. The subcommittee gave serious consideration to this amendment, but decided that the Administrator should be able to base his determination that all reasonable efforts had been made to obtain credit elsewhere on all available information. Such letters could, of course, serve as the basis for that determination. The first part of the proposed section 306(d) therefore requires the applicant for a municipal water or sewer project loan and the Secretary to make all reasonable efforts to obtain private or cooperative financing of the project. The Administrator of the Farmers Home Administration is required to report to the Committee on Agriculture and Forestry of the Senate and the Committee on Agriculture of the House of Representatives before making the loan when such efforts have been unsuccessful.

The second part of proposed section 306(d) provides that whenever a sewer or water project can be financed through a grant under section 306 and a loan from private or cooperative sources as advantageously to the applicant and as economically to the Government as through financing by the Government under section 306, the Secretary shall require the applicant to obtain the loan from private or cooperative sources. The committee felt that municipal underwriters and investment bankers perform a valuable service in providing funds for the development of municipal projects; and that the Government should not take any action to interfere with or obstruct the performance of those services. Section 333(a) of the Consolidated Farmers Home Administration Act of 1961 now requires applicants to certify that they are unable to obtain credit elsewhere to meet their actual needs at rates and terms determined reasonable by the Secretary.

On the other hand the objectives of the program are to enable rural areas, including small towns, to obtain water and sewer facilities which they cannot obtain without Government assistance. To the extent that the underwriters' services can be used to accomplish this without additional cost to the applicant or the Government, the committee felt those services should be utilized. The committee did not feel, however, that their services should be used where a Government subsidy was involved and use of their services would require an increase in the Government subsidy. The language recommended by the committee is based on these considerations. If the Farmers Home Administration were to make the loan, there would be a certain subsidy given to the borrower in the form of low interest. If this subsidy can be given in the form of a grant, without additional cost to the Government, and if such action will make it possible for private lenders to make the loan, and if the financing is then as advantageous to the borrower, then the Secretary shall require the applicant to obtain the loan from private sources. There is absolutely nothing in this provision which requires the making or increasing of a grant if that action will increase the cost to the Government above what its cost would be if it made both the loan and the grant. This provision is simply not operative if it would result in increasing the Government cost by a single penny, or if it would decrease the benefits to the applicant by that amount. There is no desire to subsidize private lenders.

The committee considered a proposal to change the word "grant" in the second sentence of new section 306(d) to "an increase in the amount of a grant." This was suggested as a clarifying amendment, but the committee felt that the language was already clear, and covers either the making of a grant where no grant would otherwise be made, or the increasing of a grant which would be made in the absence of this provision. In either case the provision contemplates a transferring of the subsidy from the loan part of the financing to the grant part of the financing where that will accomplish the desired effect without any increase in Government cost.

Whether private credit could be used as advantageously to the borrower and as economically to the Government as Government financing would be a matter in the sole judgment of the Secretary. He would take an "allowance" to cover current administrative costs into account in making this judgment. This would not require a statistical computation or determination.

New section 306(e). Coordination of government programs. Proposed section 306(e) requires the various agencies furnishing assistance of the kind provided under section 306 to coordinate their efforts so that applicants may be better served and better in-

formed as to the alternatives available to them. Its provisions are in accord with what the various agencies are now doing.

Section 6. Interest rates on farm ownership and sewer and water loans

This section amends the existing provision for interest rates on loans made under subtitle A of the act. At present the rates for loans for the various purposes under that subtitle are established by the Secretary of Agriculture at not in excess of 5 percent per annum. Section 5 would provide instead for a rate determined by the Secretary of the Treasury, taking into consideration the cost of funds to the Government (based on yields for comparable maturities and rounded to the nearest one-eighth of 1 percent)—

(i) plus up to 1 percent (except in the case of loans to public bodies whose obligations bear interest not subject to Federal income tax);

(ii) minus up to one-half percent in the case of loans to such public bodies in so-called EDA areas; and

(iii) without addition or subtraction in the case of loans to such public bodies not in EDA areas.

The formulas just described were proposed by the Department of Agriculture, which advised the committee that on the basis of May 1967 data, the rate for loans to others than such public bodies would be at least 4½ percent but not more than 5½ percent; the rate for loans to such public bodies in EDA areas would be not less than 4½ percent nor more than 4½ percent; and the rate for loans to such public bodies in non-EDA areas would be 4½ percent.

This section further provides that in no event shall the rate to such public bodies exceed that applicable to loans for similar purposes available from any other agency of the United States. The committee felt that rural areas under this program should receive as advantageous interest rates as are available to urban or other areas under any similar Federal program.

Section 7. Insured loan authority

This section would remove the \$450 million limit on the amount of loans which may be insured under subtitle A in any one year. Upon the recommendation of the Department of Agriculture, the committee has recommended inclusion in this section of a provision terminating the loan insurance authority on October 1, 1969. This will give Congress an opportunity to review the operations of this program prior to that time.

Section 8. Loans held for sale as insured loans

This section increases the amount of direct loans made from the insurance fund for resale as insured loans which may be outstanding at any one time to \$100 million (from \$50 million).

Section 9. Operating loans for supplemental and recreation enterprises

This section expands the purposes for which operating loans can be made under subtitle B of the act to include (i) enterprises needed to supplement farm income and (ii) conversion of farms to recreation. The latter purpose, which was added by the committee, is taken from S. 1479, a bill proposed by the Department of Agriculture.

The Department explained this provision taken from S. 1479 as follows:

"The new item 312(5) is a companion authorization to that contained in the revision of section 304 and will authorize loans to individual farmers and ranchers to convert part or all of their farming operations to outdoor recreational enterprises. Loans will be made to establish new enterprises or to expand existing enterprises. These funds will be used for equipment and facilities, animals, birds, fish, supplies, payment of operating expenses and cash rent, refinancing of indebtedness, and loan closing

costs. Operating loans for farming operations and recreational enterprises will be subject to the \$35,000 limitation in section 313. These loans will assist farm families to convert their farming operations so that their resources will be put to the best use in order to produce a profitable return on their investments or to otherwise improve their incomes. The applicant may, but will not be required to, continue to farm after the loan is made. The labor requirements for a recreational enterprise may exceed the equivalent of those for a family farming operation. The applicant will be required to be a farmer or a rancher when he receives the initial recreation loan. Additional loans can be made with respect to any recreational enterprise qualifying for an initial recreation loan."

Section 10. Interest rates on operating loans

This section amends the provision of the Consolidated Farmers Home Administration Act of 1961, dealing with the interest rate on loans under subtitle B (operating loans). The current rate for subtitle B loans is 5 percent; but the law permits the Secretary to fix the rate at any rate up to 5 percent. The bill provides for an interest rate determined by the Secretary of the Treasury, taking into consideration the cost of funds to the Government. The formula was recommended by the Department of Agriculture and is the same as that provided by the bill for subtitle A loans to borrowers, other than tax-exempt public bodies. However, the rate would differ from that for subtitle A loans because it would be based on yields on Government obligations with shorter remaining maturities, subtitle B loans being for 7 to 12 years. Based on May 1967 data, this rate would be at least 4¾ percent and not more than 5¼ percent.

Section 11. County committee certification

This section, which is the same as subsection (d) of S. 1479, would strike "farming" from the requirement that the county committee certify the applicant's ability to carry out the proposed "farming" operations. This supplements the proposed amendment to authorize loans for conversion to recreation and the provision of the bill authorizing loans for nonfarm enterprises needed to supplement farm income.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, was read the third time, and passed.

Mr. MANSFIELD. Mr. President, I move that the vote by which the bill was passed be reconsidered.

Mr. AIKEN. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The title was amended, so as to read: "A bill to amend the Consolidated Farmers Home Administration Act of 1961, as amended, to provide for loans for enterprises to supplement farm income and for farm conversion to recreation, remove the annual ceiling on insured loans, increase the amount of unsold insured loans that may be made out of the fund, raise the aggregate annual limits on grants, establish a flexible loan interest rate, and for other purposes."

Mr. YARBOROUGH. Mr. President, the bill to amend the Consolidated Farmers Home Administration Act that the Senate has just approved is one of great importance in the imperative effort to curb the evils of rural poverty.

The provisions of S. 1504 that amend the 1961 Farmers Home Administration Act and the Aiken Act of the last Congress show a recognition of the new problems faced by American farmers and attempt with the able advice of the Department of Agriculture to remedy these specialized disabilities.

The new bill encourages poor family farmers to supplement their insufficient incomes through loans for additional farm machinery and for the institution of moneymaking recreational facilities. The changes in the annual ceilings of loans available under the Consolidated Farmers Home Administration for improvements in water and sewerage facilities, as well as the new administrative procedures, will lead to the greater flexibility and efficiency required to achieve the most productive farming techniques possible. More farmers, now eligible for loans under the 1961 act, will be able to realize the opportunities hoped for by the loan provisions of this act as a result of the easing of the annual insured loan ceilings.

S. 1504, besides extending and facilitating financial help for individual farmers, also furthers the objectives of financial stability for the whole rural community by providing funds for the institution of community centers to deal with the health, recreation, and educational needs of rural environments. The bill will aid in improving the utilities of rural communities by making more readily available Federal loans and planning grants for this purpose. With the passage of this bill we have taken a vital step in the war against rural poverty by locating the specific causes of low agricultural incomes and by attempting through efficient and decisive action to remedy them.

CAPT. VERNA M. LORETTE, VIETNAM HEROINE

Mrs. SMITH. Mr. President, a young woman has brought great honor to the State of Maine. She is Capt. Verna M. Lorette, of Limestone, Maine, who has been chosen as the "unsung heroine" by the Ladies Auxiliary of the Veterans of Foreign Wars for its 1967 award.

Captain Lorette is the daughter of Mrs. Ida Lorette, of 82 Van Buren Road, Limestone, Maine. An Air Force flight nurse veteran of 22 months' duty in Vietnam and the Far East and 226 air medical evacuation missions, 74 of which were moving patients within and out of Vietnam, she was instrumental in the great success of these operations.

It was my privilege and pleasure to talk with her at length in my Senate office recently. I cannot adequately express the deep impression that she made on me. I only wish that more Americans could talk with her and learn considerably more about what our service personnel are going through in Vietnam and of their high morale, despite some of the demonstrations back here at home, such as the disgraceful draft card burning exhibitionism by young men for whom service personnel in Vietnam are fighting and dying in order that even the draft card burners may keep their freedom and security at home in the comfortable luxuries that we enjoy.

I ask unanimous consent to have printed in the RECORD an article published in the August 23, 1967, issue of the Bangor Daily News.

There being no objection, the article was ordered to be printed in the RECORD as follows:

ARMY NURSE FROM LIMESTONE WINS UNSUNG HEROINE AWARD

NEW ORLEANS, LA.—An Air Force flight nurse from Limestone, Maine, has been awarded the "unsung heroine" award by the Ladies' Auxiliary to the Veteran of Foreign Wars.

Capt. Verna M. Lorette, daughter of Mrs. Ida Lorette of 82 Van Buren Road, Limestone, was presented the award Wednesday night. Mrs. Glenn C. White of South Bend, Ind., Auxiliary national president, awarded the citation and \$500 check during the group's national convention at the Jung Hotel.

Captain Lorette, who is on leave after 22 months' duty in Vietnam, and the Far East, was given the award for her heroism during 226 air medical evacuation missions, 74 of which were moving patients within and out of Vietnam.

Maj. Louis H. Architect, USAF, Captain Lorette's commanding officer, said she was instrumental in the aeromedical evacuation of large numbers of patients, including combat casualties from Vietnam. "All missions were conducted in an outstanding manner that displayed a high degree of professionalism and devotion to duty," he said.

Frequently volunteering for around-the-clock duty, Captain Lorette on one recent evacuation mission—with complete disregard for her own welfare—administered mouth-to-mouth resuscitation to a patient who had developed acute respiratory distress.

Captain Lorette is cited as maintaining a "patient, unruffled professional composure even under long mercy missions."

First established three years ago, the "unsung heroine" award attracts interest in all the overseas commands of the United States forces. Entries are sent by the commanding officers, through the cooperation of the directorate for community relations, Office of the Assistant Secretary of Defense for Public Affairs, The Pentagon.

Judges of the 1967 "Unsung Heroine" Contest were Peter Lind Hayes, New Rochelle, N.Y., TV and radio star; Mrs. John S. Foster, Jr., Washington, D.C., wife of head of Department of Defense Research and Engineering; and Miss Anita Diamant, New York City, president of Theta Sigma Phi, New York chapter.

STATEMENT OF MELINA MERCOURI

Mr. FULBRIGHT. Mr. President, in this dreary era of cynicism and pretense, a genuine expression of grief about one's country revives one's jaded spirits. The statement of Miss Melina Mercouri, published in Look magazine, is worthy of the attention of the Members of this body. I ask unanimous consent that it be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

MELINA MERCOURI: THE BIRTH OF A HEROINE (By Oriana Fallaci)

There was a moment when this woman whom we had known only as an intelligent character, a sexy actress, proved to be much more than that and to deserve the unbelievable role she is now living: a national heroine in exile. The moment came on Friday, the 7th of July, when the American Committee for Democracy and Freedom in Greece invited eight hundred people to a party where

some would speak, and she would sing the songs banned by Stylianos Patakos. Melina would be there at eleven thirty, soon after her performance in the show Jules Dassin has produced on Broadway: *Illya Darling*. That same day, the Committee received word that she couldn't come, because of a sudden mourning. Probably, she could not even perform that evening; after the news, she had collapsed. But she did perform. And at eleven thirty, when everyone was about to leave the party, she arrived.

She entered without a word. Without a word she went to the platform from which the orators had spoken, without a word she offered herself to the astonished audience. She was dressed in black, her face was pale, drawn, melted. Deep wrinkles marked her eyes. Her mouth was bent in a grimace. Only her pupils seemed alive, they shone like lighted matches. Over the silence of the crowd, she raised her voice firmly: "My father would have been happy to be with you tonight, to work with you. He died a few hours ago. In the name of my father, I ask you not to give up. Democracy will win." Then, as silently as she had come, her head proudly erect, she left the platform and went away. Five days later, Patakos took away her citizenship, confiscated all her properties.

Destiny sometimes offers unexpected proof that we fail because we are not worthy, or because we have not a sufficient burden of sufferings, difficulties. One cannot say that Melina Mercouri had previously borne heavy burdens. Her biography is an example of dazzling, irritating fortune. The good Lord gave her all: richness and beauty and success and love. She never knew what it means to be hungry; she always lived surrounded by servants and chauffeurs and secretaries, and was always dressed by Balenciaga or Dior. She never knew what it means to be unlikely; she was always applauded by an audience which forgave even her impertinence, her aggression. She never knew what it means to be alone; men were always around her; and for eleven years, she has loved, and has been loved by, one of the most fascinating men anyone could ask for: the director Dassin. Finally, she never knew what it means to be ugly. At forty-one, she still can afford the luxury of appearing on the screen or the stage almost naked. Happiness, laughter always were her charm, her religion.

Yet when the colonels stole Greece from her, this queen of Epicureanism blossomed into a virile creature, proving her worthiness. Her gesture on the 7th of July was not a casual one. While striking out against Patakos, Melina knew very well what she was doing and risking. Not without reason, she is now afraid of being killed, and there is something alert in her eyes, the watchful look of an animal that waits for a shot but intends to die fighting, not as a coward or a lamb. It is a very beautiful story. It always is very beautiful to be witness of the birth of a soul, of a conscience. And we know that being born is so gloriously painful, facing the light costs screams and tears.

Here is the confession of that birth of a soul. It takes place somewhere in Manhattan, after the memorial service Melina had arranged for her father Stamatis Mercouris in the Greek Orthodox Cathedral of New York, at the same time the memorial service was arranged by Spyros, her brother, and by the widow in London. Stamatis Mercouris died in London, and his body will not be returned to Greece as long as the colonels sit on the throne. Melina wears her black mourning dress and is alone. A record is playing, just sent by an admirer in Minneapolis, Minn. It speaks of freedom, sorrow. I tell Melina that when my country was under the heel of the Fascists, we used to sing a song like this to find courage when fear was deep, when hope was lost. Melina listens and says: "Yes, yes." Then she begins to talk in a funny mixture of French, English, Italian. Her way of saying that her language is Greek, she is Greek.

First there were those twenty days and nights of uncertainty. After the junta took power, I lived twenty days and nights of agony. I couldn't sleep, I perspired like one who has the typhus. Every five minutes, I had to bathe and change, even my body vomited agony. I choked with thirst, I filled my stomach with water. I do not remember ever being so ill in my life. I swear it on democracy. And I say to myself: Should I speak, shouldn't I? I never was a heroine. And they had the most atrocious weapon to use against me: They could forbid me permission to see Greece again. The thought itself doubled my sweat. It still does right at this moment. Shall I resist? There are people who don't feel any love for their country at all, and they can settle down anywhere, and die in the new place, and never go back where they belonged. I can't. I am imbued with that love, since my birth. I love all that makes up Greece: our madness, and our humor, and our jealousy, and our bravery, and our hate, and our mountains that never have any trees, and our sea that cries, and our smell of tomatoes and cheese, and our history, our past! And I said to myself: If they should steal this from me, I would lose my mind. Then, on the twentieth day, something happened.

I remembered that I belong to an anti-Fascist family, well-known in Greece for being anti-Fascist, and I remembered by grandfather who had been mayor of Athens for thirty years and had been jailed, and I remembered by father who had been exiled four years because of the Metaxas dictatorship and who had fought against the Fascists and the Nazis as a real hero, and I remembered a sense of guilt. I always had a guilt or a regret for having done nothing when my country was occupied by the Fascists and the Nazis. All I did for Greece at that time was to quarrel with a Nazi. I was in a bar, with friends. Some Nazis arrived, drunk. They said: "Come and drink with us." My friends followed them. I didn't. Then the drunkest came to me and said, "You too." I answered, "No." "If you don't, I'll shoot you," he said. I answered, "No." "I will count to three and then shoot you," he repeated. I answered, "No." He shot. He missed me.

That's all, and it is too little. I can't forgive myself. My brother was only fourteen years old when he fought with the underground. Maybe I was too young, too much in love with the theater, too busy with the dramatic school. Yet I don't forgive myself. I don't reproach myself for anything else I have done in my whole life—not for the lovers I have loved, not for the mistakes I have made—but I do reproach myself for having been so blind when I was young. When the twentieth day arrived, I understood that this was the moment to redeem my shame. And suddenly my sweat stopped, my thirst stopped, and I felt very well.

My first step was to go and talk on NBC News. I called the Greek Consul in New York, Mr. George Gavvas, I called the First Secretary of the Greek Embassy in Washington, Mr. George D. Vranopoulos, and I said to them: "I want you to know that I am going to talk." Then I went and said that Greece is no longer a country you should visit as a tourist. "Since the 21st of April, Greece is a country of slaves. The sun and the sea and the moon are not enough to make you forget that those slaves are in chains because of a dictatorship. If you go to Greece to enjoy the sun and the sea and the moon, your conscience cannot feel clean because there is nothing clean in sailing a yacht around an island which is a prison." I said this. And I cried while saying it. It isn't easy to say: "Don't go to my country, please." For fifteen years, I have been considered a sort of Greek attraction. Greek authorities even sent me to Scandinavia to attract the tourists. And I gave parties in Paris, in London, because of this, and I invited artists and authors. I made films with American money in Greece,

and I used to be called the "unofficial ambassador of Greece." And this made me proud, and it's hard to give up the pride.

My second step was on *The Tonight Show*, one day after the junta had banished Mikis Theodorakis's songs—*Zorba the Greek* among others. I went and I sang *Zorba the Greek*. Then I read a statement signed by Edward Albee, Leonard Bernstein, Irene Papas, Jules Dassin. I said: "The lights have gone out in Greece. Greece, the birthplace of the democratic concept is presently under the heel of a military dictatorship. Constitutional government and the rights of the people and the press thereunder have been repressed." And then I went to *The Merv Griffin Show*. And again I spoke, though I don't remember what I said. My mouth is large, it is even larger when it's opened to tell the truth. I kept it opened for God knows how many programs. I think I visited every TV channel and every radio station in New York. They got so angry in Washington, Vranopoulos from the embassy came to tell me: "Stop it." My answer was to show him a newspaper with the report of Dora Stratou's arrest. Dora is the head of the famous Folklore Dance School. Vranopoulos's answer was: "Stop screaming and I'll free her." My voice became ice: "And the others?" Vranopoulos left the theater with these words: "You want to force us to be nasty with you."

Some people say that the loss of my citizenship wouldn't be a surprise for me. It was. I didn't believe they would indict themselves in such a stupid way. I rather thought that they would kill me instead of exposing themselves to international scorn. I did not suspect that even when I had problems with my passport. One day I noticed that my passport would have to be renewed soon. I called the Greek Consul and told him I had to renew my passport, since I had no intention to ask for an American passport. Mr. Gavvas seemed really frightened. He said he would inform me whether he could renew it or not. Then my father died. He died in London where he was under treatment for cancer, and he died of a heart attack while he was doing such a good job for democracy. I heard the news over the telephone, from my brother Spyros. I was alone, without Jules. The man who had been near me for eleven years, the man who had taught me to breathe, without whom I couldn't breathe, was far away the first time I needed him. The telephone call from Mr. Gavvas reached me when I was so alone. He offered me his condolences. I said good, very well, thanks, when may I come and renew my passport? He said: "I can't renew your passport." I said: "Is it official?" He said: "Wait until Friday."

On Wednesday, I heard about the loss of my citizenship and all my properties in Greece. At seven o'clock in the morning, a call from London woke me up. A voice said: "Here, the *Evening Standard* of London, you have lost your citizenship, and your properties have been confiscated, what is your comment?" I had no comment right away. I was speechless. I asked him to repeat what he had said. He repeated it. And my answer came like water from a fountain: "I was born Greek, I will die Greek; Patakos was born Fascist, he will die Fascist; if he wants to make a Joan of Arc out of me, it's quite his business." I didn't cry. Only when I was on the stage of *Illya Darling* and I sang *Piraeus, My Love*, I started crying. I still do when I think: You'll never see your Greece again, Melina. Patakos announces that I'll see Greece again if I ask to be forgiven, if I prove my Hellenism. Patakos makes me laugh. What does he know about my Hellenism? How does he prove his Hellenism? With machine guns? Patakos also says that I don't deserve my Greek citizenship because I did not live in Greece. What a ridiculous lie. The last time I left Greece was in September. I had been in Greece eight months with Jules Dassin. I usually lived in Greece six months each year, the rest of the

90TH CONGRESS
1ST SESSION

S. 1504

IN THE HOUSE OF REPRESENTATIVES

AUGUST 29, 1967

Referred to the Committee on Agriculture

AN ACT

To amend the Consolidated Farmers Home Administration Act of 1961, as amended, to provide for loans for enterprises to supplement farm income and for farm conversion to recreation, remove the annual ceiling on insured loans, increase the amount of unsold insured loans that may be made out of the fund, raise the aggregate annual limits on grants, establish a flexible loan interest rate, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That the Consolidated Farmers Home Administration Act
4 of 1961, as amended, is further amended as follows:

5 The first sentence of section 303 is amended to read as
6 follows: "Loans may be made or insured under this subtitle
7 for (1) acquiring, enlarging, or improving farms, including

1 farm buildings, land and water development, use and conser-
2 vation, (2) recreational uses and facilities, (3) enterprises
3 needed to supplement farm income, (4) refinancing existing
4 indebtedness, and (5) loan closing costs."

5 SEC. 2. Section 304 is amended by inserting after the
6 word "subtitle" in section 304 the letter "(a)", by inserting
7 a comma in lieu of the period at the end of the section and
8 adding the following: "not including recreational uses and
9 facilities and (b) without regard to the requirements of sec-
10 tion 302 (2) and (3), to individual farmowners or tenants
11 to finance outdoor recreational enterprises or to convert to
12 recreational uses their farming or ranching operations, in-
13 cluding those heretofore financed under this title."

14 SEC. 3. Section 306 (a) (2) is amended by changing
15 "\$50,000,000" to "\$150,000,000".

16 SEC. 4. Section 306 (a) (6) is amended by changing
17 "\$5,000,000" to "\$25,000,000".

18 SEC. 5. Section 306 is further amended by adding at the
19 end thereof the following:

20 "(d) An applicant for a loan under this section for a
21 water or sewer project to serve any area in any city or town
22 shall, together with the Secretary, make all reasonable efforts
23 to obtain private or cooperative financing of the project; and
24 where such efforts are unsuccessful, the Administrator of the
25 Farmers Home Administration shall personally so deter-

1 mine and furnish a report thereon prior to the approval of
2 the loan to the Committee on Agriculture and Forestry of the
3 Senate and the Committee on Agriculture of the House of
4 Representatives. Whenever in the judgment of the Secretary
5 a sewer or water project can be financed through a grant
6 under this section and a loan from private or cooperative
7 sources as advantageously to the applicant and as economi-
8 cally to the Government as through financing by the Govern-
9 ment under this section (taking an allowance to cover current
10 administrative costs into account), the Secretary shall re-
11 quire the applicant to obtain such loan from private or co-
12 operative sources.

13 “(e) Each department or agency of the Federal Gov-
14 ernment which is authorized to furnish financial assistance
15 for any of the purposes for which financial assistance may
16 be furnished under this section shall carefully review each
17 application for such assistance received by it, determine
18 whether the needs of the applicant may be better served by
19 another department or agency, and, if so, advise the appli-
20 cant and such other department or agency of such deter-
21 mination. The President shall issue such rules and regula-
22 tions as he deems necessary or desirable to assure (1) the
23 coordination of the program authorized by this Act with re-
24 lated programs of other agencies, including the Department
25 of Housing and Urban Development, the Department of

1 Commerce, and the Department of the Interior; and (2)
2 the availability to prospective applicants of information on
3 the alternative programs available to them.”

4 SEC. 6. Section 307 (a) is amended by striking the
5 second sentence and inserting in lieu thereof: “Loans made or
6 insured under this subtitle, except loans to public bodies
7 whose obligations bear interest not subject to Federal income
8 tax, shall bear interest at a rate determined by the Secretary
9 of the Treasury taking into consideration the current aver-
10 age market yield on outstanding marketable obligations of the
11 United States with remaining periods to maturity compa-
12 rable to the average maturities of such loans, adjusted to the
13 nearest one-eighth of 1 per centum, plus not to exceed 1
14 per centum per annum as determined by the Secretary. Such
15 loans to such public bodies shall bear interest at a rate de-
16 termined by the Secretary of the Treasury taking into con-
17 sideration the current average market yield on outstanding
18 marketable obligations of the United States with remaining
19 periods to maturity comparable to the average maturity of
20 such loans, adjusted to the nearest one-eighth of 1 per
21 centum, less not to exceed one-half of 1 per centum per
22 annum as determined by the Secretary in areas qualified
23 under section 103 or 401 (a) of the Public Works and Eco-
24 nomic Development Act of 1965. In no event shall the rate
25 determined in the foregoing sentence be greater than that

1 applicable to loans contemporaneously made or insured by,
2 or available from, any other agency of the United States
3 for similar purposes.”

4 SEC. 7. Section 308 is amended by striking out the
5 phrase “, aggregating not more than \$450,000,000 in any
6 one year,” and by inserting in lieu thereof, “until October
7 1, 1969”.

8 SEC. 8. Section 309 (f) is amended by changing the
9 figure “\$50,000,000” to “\$100,000,000”.

10 SEC. 9. Section 312 is amended by (a) revising sub-
11 section (4) to read as follows: “(4) financing land and
12 water development, use, and conservation,”; (b) inserting
13 new items (5) and (6) to read as follows: “(5) without
14 regard to the requirements of section 311 (2) and (3), to
15 individual farmers or ranchers to finance outdoor recrea-
16 tional enterprises or to convert to recreational uses their
17 farming or ranching operations, including those heretofore
18 financed under this title, (6) enterprises needed to supple-
19 ment farm income,”; and (c) by renumbering the present
20 items “(5), (6), and (7)” to “(7), (8), and (9)”.

21 SEC. 10. Section 316 is amended by (a) striking from
22 the first sentence “at an interest rate not to exceed 5 per
23 centum per annum,” and (b) adding at the end of the
24 section the following: “Loans made under this subtitle shall
25 bear interest at a rate determined by the Secretary of the

1 Treasury taking into consideration the current average
2 market yield on outstanding marketable obligations of the
3 United States with remaining periods to maturity comparable
4 to the average maturities of such loans, adjusted to the
5 nearest one-eighth of 1 per centum, plus not to exceed 1 per
6 centum per annum as determined by the Secretary.”

7 SEC. 11. Section 333 (b) is amended by striking the
8 word “farming”.

Passed the Senate August 28, 1967.

Attest:

FRANCIS R. VALEO,

Secretary.

AN ACT

To amend the Consolidated Farmers Home Administration Act of 1961, as amended, to provide for loans for enterprises to supplement farm income and for farm conversion to recreation, remove the annual ceiling on insured loans, increase the amount of unsold insured loans that may be made out of the fund, raise the aggregate annual limits on grants, establish a flexible loan interest rate, and for other purposes.

August 29, 1967

Referred to the Committee on Agriculture

90TH CONGRESS
2D SESSION

H. R. 18209

IN THE HOUSE OF REPRESENTATIVES

JUNE 27, 1968

Mr. POAGE introduced the following bill; which was referred to the Committee on Agriculture

A BILL

To amend the Consolidated Farmers Home Administration Act of 1961, as amended, to provide for loans to supplement farm income and to provide for additional recreation loans, extend the period for water and sewer grants prior to completion of a comprehensive plan, increase the amount of unsold insured loans that may be made out of the fund, raise the aggregate annual limits on grants, remove the annual ceiling on insured loans, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That the Consolidated Farmers Home Administration Act
4 of 1961, as amended, is further amended as follows:

5 The first sentence of section 303 is amended to read as
6 follows: "Loans may be made or insured under this subtitle

1 for (1) acquiring, enlarging, or improving farms, including
2 farm buildings, land and water development, use and con-
3 servation, (2) recreational uses and facilities, (3) enter-
4 prises needed to supplement farm income, (4) refinancing
5 existing indebtedness, and (5) loan closing costs.”

6 SEC. 2. Section 304 is amended by inserting “(a)”
7 after “subtitle”, and by changing the period at the end of
8 the section to a comma and adding the following: “not in-
9 cluding recreational uses and facilities, and (b) without re-
10 gard to the requirements of sections 302 (2) and (3), to
11 individual farmowners or tenants to finance outdoor recrea-
12 tional enterprises or to convert to recreational uses their
13 farming or ranching operations, including those heretofore
14 financed under this title.”

15 SEC. 3. Section 306 (a) (2) is amended by changing
16 “\$50,000,000” to “\$150,000,000”.

17 SEC. 4. The last sentence of section 306 (a) (3) is
18 amended by changing “1968” to “1971”.

19 SEC. 5. Section 306 (a) (6) is amended by changing
20 “\$5,000,000” to “\$25,000,000”.

21 SEC. 6. Section 306 is further amended by adding at the
22 end thereof the following:

23 “(d) An applicant for a loan under this section for a
24 water or sewer project to serve any area in any city or town
25 shall, together with the Secretary, make all reasonable efforts

1 to obtain private or cooperative financing of the project; and
2 where such efforts are unsuccessful, the Administrator of the
3 Farmers Home Administration shall personally so deter-
4 mine and furnish a report thereon prior to the approval of
5 the loan to the Committee on Agriculture and Forestry of the
6 Senate and the Committee on Agriculture of the House of
7 Representatives. Whenever, in the judgment of the Secretary,
8 a sewer or water project can be financed through a grant
9 under this section and a loan from private or cooperative
10 sources as advantageously to the applicant and as economi-
11 cally to the Government as through financing by the Govern-
12 ment under this section (taking an allowance to cover current
13 administrative costs into account), the Secretary shall re-
14 quire the applicant to obtain such loan from private or
15 cooperative sources.

16 “(e) Each department or agency of the Federal Gov-
17 ernment which is authorized to furnish financial assistance
18 for any of the purposes for which financial assistance may
19 be furnished under this section shall carefully review each
20 application for such assistance received by it, determine
21 whether the needs of the applicant may be better served by
22 another department or agency, and, if so, advise the appli-
23 cant and such other department or agency of such determina-
24 tion: The President shall issue such rules and regulations
25 as he deems necessary or desirable to assure (1) the coordi-

1 nation of the program authorized by this Act with related
2 programs of other agencies, including the Department of
3 Housing and Urban Development, the Department of Com-
4 merce, and the Department of the Interior; and (2) the
5 availability to prospective applicants of information on the
6 alternative programs available to them.”

7 SEC. 7. Section 308 is amended by striking the word
8 “Loans” from the beginning of the first sentence and insert-
9 ing in lieu thereof “Until October 1, 1971, loans” and by
10 striking the comma after the word “Secretary” and the
11 phrase “aggregating not more than \$450,000,000 in any one
12 year,”.

13 SEC. 8. Section 309 (f) is amended by changing “\$50,-
14 000,000” to “\$100,000,000”.

15 SEC. 9. Section 312 is amended by (a) revising sub-
16 section (4) to read as follows: “(4) financing land and
17 water development, use, and conservation,”; (b) inserting
18 new items (5) and (6) to read as follows: “(5) without
19 regard to the requirements of section 311 (2) and (3), to
20 individual farmers or ranchers to finance outdoor recrea-
21 tional enterprises or to convert to recreational uses their
22 farming or ranching operations, including those heretofore
23 financed under this title, (6) enterprises needed to supple-
24 ment farm income,”; and (c) by renumbering the present
25 items “(5), (6), and (7)” to “(7), (8), and (9)”.

1 SEC. 10. Section 313 is amended by changing the colon
2 after “\$35,000” to a comma, and by striking the proviso
3 in item (1).

4 SEC. 11. Section 316 is amended by (a) striking from
5 the first sentence “at an interest rate not to exceed 5 per
6 centum per annum,” and (b) adding at the end of the
7 section the following: “Loans made under this subtitle shall
8 bear interest at a rate determined by the Secretary of the
9 Treasury taking into consideration the current average mar-
10 ket yield on outstanding marketable obligations of the
11 United States with remaining periods to maturity comparable
12 to the average maturities of such loans, adjusted to the
13 nearest one-eighth of 1 per centum, plus not to exceed 1 per
14 centum per annum as determined by the Secretary.”

15 SEC. 12. Section 331 is amended by adding a new sub-
16 section (f) at the end thereof to read as follows:

17 “(f) Release mortgage and other contract liens if it
18 appears that they have no present or prospective value or
19 that their enforcement likely would be ineffectual or un-
20 economical.”

21 SEC. 13. Section 333 (b) of the Consolidated Farmers
22 Home Administration Act of 1961 is amended by inserting
23 “310,” after “306,” in both places and striking the word
24 “farming”.

A BILL

To amend the Consolidated Farmers Home Administration Act of 1961, as amended, to provide for loans to supplement farm income and to provide for additional recreation loans, extend the period for water and sewer grants prior to completion of a comprehensive plan, increase the amount of insured loans that may be made out of the fund, raise the aggregate annual limits on grants, remove the annual ceiling on insured loans, and for other purposes.

By Mr. POAGE

JUNE 27, 1968

Referred to the Committee on Agriculture

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250
OFFICIAL BUSINESS

POSTAGE AND FEES PAID
U. S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(FOR INFORMATION ONLY;
NOT TO BE QUOTED OR CITED)

Issued July 2, 1968
For actions of July 1, 1968
90th-2nd; No. 113

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HIGHLIGHTS: House passed school lunch bills and Cradle of Forestry bill. House committee voted to report FHA loan and dairy indemnity bills. House Rules Committee cleared housing bill. House received conference report on second supplemental appropriation bill. House debated road authorization bill. Rep. Madden spoke against extension of farm program. Senate passed scenic trails bill. Senate passed road authorization bill. Senate committee voted to report wilderness bills. Rep. May introduced and discussed food stamp bill. Sen. Talmadge introduced and discussed peanut marketing bill.

HOUSE

1. APPROPRIATIONS. Received the conference report on H. R. 17734, the second supplemental appropriation bill, 1968 (H. Rept. 1608) (pp. H5806-8). The explanatory statement of the managers on the part of the House relative to items in disagreement contains the following statement: "The Managers on the part of the House will offer a motion to concur in the amendment with an amendment to appropriate \$10,000,000 for the school lunch program authorized by P. L. 90-302, instead of \$32,000,000 as proposed by the Senate." For other provisions see Digest 106.
2. SCHOOL LUNCHES. Passed, 274-78, under suspension of the rules H. R. 17872, to provide funds and authorities to the Department of Agriculture for the purpose of providing free or reduced meals to needy children not now being reached; and 352-0, under suspension of the rules H. R. 17873, to clarify responsibilities related to providing free and reduced-price lunches and preventing discrimination against children, to strengthen the nutrition training and education benefits of the program, and otherwise to strengthen school food service programs for children. pp. H5808-23
3. FORESTRY. Passed, 279-71, under suspension of the rules S. 2837, to establish within and as a part of the Pisgah National Forest, N. C., the Cradle of Forestry, to contain approximately 6800 acres, in order to preserve, develop, and make available to the public the birthplace of forestry and forestry education in America. pp. H5823-27
4. MILITARY CONSTRUCTION. Conferees were appointed on H. R. 16703, the military construction authorization bill (includes CCC debt payment for prior years military family housing overseas). Senate conferees have been appointed. p. H5806
5. ALASKA LANDS. Passed without amendment S. 1059, to allow leases to be made under the Alaska Grazing Act for as much as 55 years instead of the present maximum of 20 years and thus assist and encourage the development of the livestock industry in Alaska. This bill will now be sent to the President. pp. H5804-6
6. PERSONNEL. Passed under suspension of the rules H. R. 13844, to provide time off from duty without loss of pay or reduction in leave for employees of executive agencies to attend and make necessary arrangements in connection with the funerals of their sons or daughters in the U. S. Armed Forces overseas who died in or as a result of armed conflict with a hostile foreign force. pp. H5830-32
7. HIGHWAYS. Began debate on H. R. 17134, the 1970-71 highway authorization bill. pp. H5832-54
8. FHA LOANS; DAIRY INDEMNITY. The Agriculture Committee voted to report (but did not actually report) H. R. 18209, to provide for loans to supplement farm income and to provide for additional recreation loans, extend the period for

water and sewer grants prior to completion of a comprehensive plan, increase the amount of unsold insured loans that may be made out of the fund, raise the aggregate annual limits on grants, and remove the annual ceiling on insured loans; and H. R. 17752, to provide indemnity payments to dairy farmers. p. D626

9. CONSERVATION. Received the conference report on S. 1401, to amend title I of the Land and Water Conservation Fund Act of 1965 (H. Rept. 1598). p. H5881
10. HEALTH. The Rules Committee reported a resolution for the consideration of H. R. 15758, to amend the Public Health Service Act, to extend and improve regional medical programs, to extend the authorization of grants for health of migratory agricultural workers, and to provide for specialized facilities for alcoholics and narcotic addicts. p. H5882
11. HOUSING. The Rules Committee reported a resolution for the consideration of H. R. 17989, to assist in the provision of housing for low- and moderate-income families, and to extend and amend laws relating to housing and urban development. p. H5882
Rep. Widnall inserted his supplemental views on the housing bill. pp. H5856-8
Rep. St. Germain commended the housing bill and inserted a supporting editorial. pp. H5879-80
12. TECHNICAL SERVICES. The Interstate and Foreign Commerce Committee reported with amendment H. R. 16824, to extend for an additional year the authorization of appropriations under the State Technical Services Act of 1965 (H. Rept. 1607). p. H5882
13. FARM PROGRAM. Rep. Madden spoke against extending farm subsidies through 1970 and inserted a letter from the American Farmer Bureau Federation urging the defeat of H. R. 17126, the farm bill. p. H5856

SENATE

14. WATER RESOURCES. The Interior and Insular Affairs Committee reported without amendment S. 3575, to authorize the Secretary of the Interior to engage in feasibility investigations of certain water resource developments (S. Rept. 1347). p. S7953
15. RECREATION. The Interior and Insular Affairs Committee reported with amendment H. R. 9098, to revise the boundaries of the Badlands National Monument in the State of S. Dak., to authorize exchange of land mutually beneficial to the Oglala Sioux Tribe and the United States (S. Rept. 1349). p. S7953
Passed with amendments S. 827, to establish a nationwide system of trails (pp. S7961-71). Agreed to committee amendments en bloc (p. S7964). Agreed to Sen. Symington's amendment to include the Potomac Heritage Trail in Va. between Great Falls Park and Spout Run to be developed and maintained primarily as a footpath (p. S7964).

16. APPROPRIATIONS. The Appropriations Committee reported with amendments H.R. 18038, the legislative branch appropriation bill, 1969 (S. Rept. 1350). p. S7953
17. HIGHWAYS. Passed with amendments S. 3418, to authorize appropriations for the fiscal years 1970-71 for the construction of certain highways in accordance with title 23 of the United States Code (pp. S8015-44, S8053-4, S8056-63). Agreed to committee amendments en bloc (p. S8042). Agreed to Sen. Jackson's amendment that in highway construction an effort be made to preserve the natural beauty of the countryside, public parks, and recreation lands, wildlife refuges, and historic sites (p. S8042). Agreed to Sen. Spong's amendments to make it possible for the District of Columbia to participate in a relocation assistance and land acquisition program (p. S8044) and to allow the District of Columbia to transfer certain land to Interior in exchange or as replacement for park, parkway, and playground lands transferred to the District for public purposes (p. S8044).
18. FLOOD CONTROL. Began consideration of S. 3710, to authorize the construction, repair, and preservation of certain public works on rivers and harbors for navigation, flood control, and for other purposes. pp. S8063-4
19. WILDERNESS. The Interior and Insular Affairs Committee voted to report (but did not actually report) the following wilderness bills: S. 4739, to authorize the Secretary of the Interior to grant long term leases with respect to lands in the El Portal administrative site adjacent to Yosemite National Park, Calif., S. 1385, to amend section 3 of the "Act to provide for the disposal of materials on the public lands of the United States" relating to the disposition by Interior of moneys obtained from the sale of materials from public lands, S. 3379, to designate certain lands in the Great Swamp National Wildlife Refuge, Morris Co., N. J., as wilderness, S. 3343, to designate certain lands in the Pelican Island National Wildlife Refuge, Indian River Co., Fla., as wilderness, and S. 3502, to designate certain lands in the Seney, Huron Islands, and Michigan Islands National Wildlife Refuges in Mich., the Gravel Island and Green Bay National Wildlife Refuges in Wisc., and the Moosehorn National Wildlife Refuge in Maine, as wilderness. pp. D624-5
20. TRADE. Sen. Hansen expressed concern over "America's increasingly unfavorable balance of trade" and inserted supporting articles. pp. S7991-2
21. RADIATION. Sen. Hart inserted Sen. Bartlett's statement outlining his proposed amendments to the proposed Radiation Control Act of 1968. pp. S7994-5
22. TOBACCO. Sen. Moss expressed pleasure at the report that people are "decreasing their use of tobacco." pp. S8011-13
23. GRAPES. Sen. Murphy was appalled at reports that New York City government has entered into a secondary boycott by New York City retail grocery chain stores against the use of Calif. table grapes and inserted related articles. p. S8064

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13. **FHA LOANS.** The Agriculture Committee reported with amendment H.R. 18209, to provide for loans to supplement farm income and to provide for additional recreation loans, extend the period for water and sewer grants prior to completion of a comprehensive plan, increase the amount of unsold insured loans that may be made out of the fund, raise the aggregate annual limits on grants, and remove the annual ceiling on insured loans (H. Rept. 1635). p. H6048
14. **TRANSPORTATION; SHIPPING.** The Public Works Committee reported with amendment S. 2658, relating to vehicle weight and width limitations on the Interstate System in order to make certain increases in such limitations (H. Rept. 1636). p. H6048
Rep. Chamberlain stated the volume of free-world-flag ship trade with North Vietnam is "up 60 per cent since the President announced the bombing restrictions...and yet the administration expresses no concern." p. H5959
15. **RECLAMATION.** The Foreign Affairs Committee reported without amendment S. 660, granting the consent of Congress to a Great Lakes Basin Compact (H. Rept. 1640). p. H6048
16. **PUBLIC LAW 480.** Received the conference report on S. 2986, to extend Public Law 480, 83rd Congress, for 3 years (H. Rept. 1642). pp. H6034-6
17. **ELECTRIFICATION.** The Interstate and Foreign Commerce Committee reported with amendment H. R. 12698, to amend the Federal Power Act to clarify the manner in which the licensing authority of the Commission and the right of the United States to take over a project or projects upon or after the expiration of any license shall be exercised (H. Rept 1643). p. H6048
18. **EDUCATION.** The Education and Labor Committee was granted until midnight July 6 to file a report on H.R. 15067, the higher education amendments for 1968. p. H5958
The Education and Labor Committee voted to report (but did not actually report) H.R. 16460, amended, the vocational education amendments. p. D639
19. **COOPERATIVES.** A subcommittee of the Interstate and Foreign Commerce Committee approved for full committee action S. 752, amended, to amend the Interstate Commerce Act to clarify this exemption with respect to transportation performed by agricultural cooperative associations for nonmembers. p. D639
20. **TEXTILES.** Rep. Landrum expressed concern over the "future course" of the textile industry and inserted an article "Apparel Makers To Build Abroad." pp. H6041-44
21. **LEGISLATIVE PROGRAM.** Rep. Albert announced the following program for next week: Mon., the housing bill. Tues. and the balance of the week, the housing bill, and the foreign aid authorization bill. p. H6036
22. **ADJOURNED,** in accordance with H. Con. Res. 792, until Mon., July 8. p. H6047

EXTENSION OF REMARKS

23. POVERTY. Rep. Berry spoke on poverty on the Indian reservations. p. E6150
24. FLOOD INSURANCE. Rep. Boggs inserted articles on flood damage and spoke on the need for flood insurance. pp. E6150-1
25. FARM PROGRAM. Rep. Arends inserted a letter from the Ill. Agricultural Assoc. on the need for a sound national farm program. pp. E6153-4
26. FOREIGN AID. Rep. Bolling inserted two of Rep. Anderson's, Tenn., letters supporting foreign aid. Rep. Fraser inserted the results of an investigation of our foreign aid in Vietnam, and an article on our foreign aid and the dividends it is beginning to pay. pp. E6159-60, E6176, E6205
27. HUNGER. Rep. Dow inserted an article on the prospect of mass starvation in Biafra. pp. E6160-1
28. CIGARETTES. Rep. Jones denounced the Federal Trade Commission's report on cigarettes. p. E6165
29. OPINION POLLS. Rep. Corbett, Rep. Ford, and Rep. Conte inserted the results of polls taken in their home districts which contained items of interest to this Department. pp. E6166-7, E6172, E6174-5
30. TAXES. Rep. Battin inserted a newsletter to his constituents on the excise tax bill and Rep. Blackburn inserted a press release explaining his position on the revenue-expenditure control package. pp. E6175, E6182
31. WATER. Rep. Edwards inserted an article on why the U.S.'s water supply is failing and Rep. McClure inserted material on water needs in the Snake River Basin. pp. E6194-5, E6197-6201
32. TEXTILES. Rep. St. Onge inserted his statement on the need for protection for the U.S. textile industry. p. E6195

BILLS INTRODUCED

33. TAXATION. H. R. 18327 by Rep. Curtis to amend the Internal Revenue Code of 1954 to increase the credit against tax for retirement income; to the Ways and Means Committee. Remarks of author pp. E6154-5.
34. INFORMATION. H. R. 18331 by Rep. Fuqua, to amend section 4356 of title 39, United States Code, relating to certain mailings of State departments of agriculture; to the Post Office and Civil Service Committee.
35. RECREATION. H. R. 18333 by Rep. Kyl, to authorize the Secretary of the Interior to study the feasibility and desirability of establishing an Upper Mississippi Valley National Recreation Area between Wood River, Ill., and Minneapolis, Minn. to Interior and Insular Affairs Committee.

AMENDING THE CONSOLIDATED FARMERS HOME ADMINISTRATION ACT

JULY 3, 1968.—Committed to the Committee of the Whole House on the State
of the Union and ordered to be printed

Mr. POAGE, from the Committee on Agriculture, submitted the
following

R E P O R T

[To accompany H.R. 18209]

The Committee on Agriculture, to whom was referred the bill (H.R. 18209) to amend the Consolidated Farmers Home Administration Act of 1961, as amended, to provide for loans to supplement farm income and to provide for additional recreation loans, extend the period for water and sewer grants prior to completion of a comprehensive plan, increase the amount of unsold insured loans that may be made out of the fund, raise the aggregate annual limits on grants, remove the annual ceiling on insured loans, and for other purposes, having considered the same, reports favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendments are as follows:

Page 2, line 16, delete "\$150,000,000", and insert "\$100,000,000".

Page 2, line 20, delete "\$25,000,000", and insert "\$15,000,000".

Page 2, beginning on line 21, strike out all of SEC. 6. Redesignate SECS. 7, 8, 9, 10, 11, 12, and 13 as SECS. 6, 7, 8, 9, 10, 11 and 12, respectively.

Page 5, begining on line 22, strike out the words "inserting '310,' after '306,' in both places and".

SHORT EXPLANATION

This bill would amend the Consolidated Farmers Home Administration Act of 1961 to—

(1) Include (I) enterprises needed to supplement farm income and (II) conversion of farms to recreation among the purposes for which loans may be made under subtitles A (real estate) and B (operating);

(2) Increase the annual development grant authority under section 306 to \$100 million (from \$50 million);

(3) Increase the annual grant authority for comprehensive planning of water or sewer systems to \$15 million (from \$5 million);

(4) Extend to October 1, 1971, the period within which grants may be made to assist financing water and waste disposal projects before the completion of a comprehensive plan;

(5) Remove the \$450 million aggregate annual ceiling on insured loans to permit the making of such loans to eligible borrowers as needed;

(6) Increase to \$100 million (from \$50 million) the amount of loans that can be held at one time in the Agricultural Credit Insurance Fund pending sale;

(7) Remove the proviso that 75 percent of the funds available for operating loans be restricted to loans of \$15,000 or less while retaining the limit of \$35,000 per loan;

(8) Give the Secretary of Agriculture authority to release valueless liens; and

(9) Remove the 5-percent maximum rate of interest on operating loans and establish a rate equal to 1 percent more than the current average market yield on outstanding marketable obligations of the United States adjusted to the nearest one-eighth of 1 percent.

COMMITTEE CONSIDERATION

The Committee on Agriculture held hearings on this bill on July 1, 1968, and heard all witnesses desiring to be heard. Several amendments were proposed. These are discussed in the succeeding paragraphs.

In the first suggestion to amend the bill, the Administrator of Farmers Home Administration, Mr. Howard Bertsch, acknowledged that the present authorization of \$50 million annually is insufficient to meet "even the most critical need." Though statutory authority exists to grant up to 50 percent of the cost of constructing a water or waste disposal project, the agency has been following the practice of limiting the amount of the grant to what is needed to provide a reasonable user service cost. This policy has resulted in an average grant of 15 percent of the project cost for all water and waste disposal facilities financed. A larger number of communities are being reached through this policy than would have been possible if the full 50-percent grant were made in each case.

Acting upon the recommendation of the Administrator and in reliance upon his assurance that the agency would continue to limit the amount of such grants to the amounts needed to provide reasonable user service cost, the committee reduced the proposed increase in authorization for annual grants for water and waste disposal projects by \$50 million, making the limit \$100 million instead of \$150 million.

In similar manner and upon similar recommendations by the Administrator, the committee also reduced the proposed increase in the amounts to be authorized annually for comprehensive planning grants. It was decided that with the 3-year extension of time within which communities might qualify for grants for construction of water and waste disposal projects a more modest increase in annual authority

for planning grants, raised from \$5 to \$15 million instead of \$25 million, could meet the needs of the thousands of rural communities presently forced to postpone community improvement.

As of the date of the hearings, the committee was advised that Farmers Home Administration had on hand 892 applications from public bodies for grants for development of water and sewer projects. Up to July 1, 1968, the Administration had received and rejected some 1,738 other applications because funds were not available. The committee has, however, reduced the original increases in authorization contained in the bill upon being convinced that such reduced amounts will through prudent management reach the foreseeable need.

The original bill contained two new subsections to section 306. It was urged that the conditions imposed by these subsections would hinder rather than improve the administration of the water and waste disposal loan program. The first, subsection 306(d) would have required (i) all reasonable efforts to be made to obtain a loan from private or cooperative sources in the case of a loan for a sewer or water project to serve a city or town, (ii) a report to the Committee on Agriculture whenever such efforts were unsuccessful, and (iii) the use of such credit, when available on terms as advantageous to the applicant and as economical to the Government as financing under the bill.

In considering the effect of those sections the committee reviewed policy of the administration previously expressed as follows:

The Farmers Home Administration, Department of Agriculture; Economic Development Administration, Department of Commerce; Federal Water Pollution Control Administration, Department of the Interior; and the Department of Housing and Urban Development administer programs that provide financial assistance to communities for water and waste disposal systems. When inquiries for assistance are received by any of these four Departments, a determination is made to see which agency will assume jurisdiction. The Farmers Home Administration may assume jurisdiction if the basic purpose of the proposed project is to provide water or waste disposal systems for permanent rural residents living in strictly rural communities under 5,500 population that are not part of an urbanizing area.

Rural communities are normally less densely populated and systems cannot be installed at a cost rural people can afford if they are designed with the same approach used for systems in more densely populated urban areas. Members of our State staff work carefully with the engineer retained by the applicant to help him determine the most efficient and economical design for the facilities that are needed. The amount that each individual user would have to pay for these facilities is then carefully computed and compared with individual user costs in neighboring communities. The computation of user charges for the project is based on the best loan terms available to the applicant within the limitations of State laws relating to terms and conditions for bond issues.

If it appears that the proposed project will result in costs higher than those prevailing in the area, a grant will be pro-

posed in an amount sufficient to bring these costs to a reasonable level. The Farmers Home Administration will then make a tentative approval of the project. After the tentative approval is made, a substantial amount of time is normally required for the applicant's engineer to prepare final construction plans and obtain the approval of State regulatory agencies and for the applicant's attorney to prepare and implement the various ordinances and other legal documents required. Since most States require public notification of proposed bond sales, private investors have time to consider the proposed financing before a loan is consummated by this agency.

Assistance provided under the authorizations contained in the Consolidated Farmers Home Administration Act of 1961, as amended, is only available to applicants who cannot satisfactory financing from other sources. If the analysis of a project indicates that the applicant can obtain credit from other sources at rates and terms which will permit reasonable user charges for the proposed services, the Farmers Home Administration will not provide assistance for the applicant. When a grant is necessary to reduce user costs to a reasonable level, this in effect reduces the amount charged each user for annual debt service requirements. This agency will make a grant in conjunction with a loan from private credit if the terms do not require additional grant funds to subsidize an annual debt service requirement greater than would be necessary if credit from other available public or private sources was used.

We, therefore, do not believe that the Farmers Home Administration is in competition with private investment firms. If this agency does provide the credit for an applicant, it has been determined that suitable credit has not been and is not available from other sources. These communities have been without facilities they vitally need because their people could not pay the charges necessary to meet the prevailing interest rates and terms of loans available to them in the public market. As a result, the majority of the grants made by this agency have been advanced in conjunction with loans. As outlined above, we do not require that loans and grants be made together.

It is apparent to the committee that efficiency is inherent in the decentralized loan making authority as presently exercised. With the revision in procedures that would be necessary upon enactment of the new subsection 306(d) much of this advantage would be sacrificed. Review in Washington would be required of more than 1,100 loans per year. The processing of this number before the appropriate committee would consume much valuable legislative and administrative time.

Further, the policy revision requiring all bonds to be offered at public sale in whole or in part appears in the view of the committee to afford a large measure of protection to the private investment banking sector. The Farmers Home Administration in this manner places privately those loans which may be so placed without disadvantage or excessive cost to the Government. In effect, section 333(a) requir-

ing certification of the applicant's inability to obtain credit elsewhere at rates and terms determined reasonable is being applied and should continue to be considered as applicable to this title.

The second part of subsection 306(d) would have required the making of a grant whenever a sewer or water project could be financed through the combination of a grant and a loan from private sources as economically to the Government as through financing by the Government, taking into consideration current Government administrative costs. It appears to the committee that administrative costs are a necessary part of the program, that these will accrue through the processing of the application when the determination is being made as to whether or not it qualifies for the program. To give a grant equal to the administrative costs to aid in funding the project is but to pay the costs twice.

In light of all of the foregoing, the committee deleted the first part of section 6 of the bill.

The second subsection, 306(e), would require coordination of all Government agencies in their efforts of public assistance. As was pointed out in these hearings and in those before the other body, its provisions are in accord with what the various agencies are now doing. The committee felt no purpose would be served by the addition of this section and, therefore, struck it from the bill.

PURPOSE

This bill is intended to supplement farm income through enlargement, improvement and acquisition of added land to form more economically sized tracts; development of recreational uses and facilities; conversion of land previously devoted to agricultural production to other pursuits; and the development of water resources, their efficient use and conservation. Secondly, it is aimed at improving the environmental conditions prevailing in rural America, the orderly disposal of waste and the establishment of readily available clean water supplies.

NEED

Grants for water and waste disposal projects make the difference between healthy community conditions and hazardous conditions. Inadequate, polluted and undependable sources of water coupled with archaic waste disposal methods not only blight the countryside but prevent its assimilation into the growing national economy.

Once a program has begun providing healthful and sanitary water and sewer facilities for rural communities and the communities become aware of their need, a tremendous surge of activity is generated which must be supported, if the objectives are to be obtained, through the process of funding to a limited extent projects for sanitary facilities. Many applications have been accepted and are now in various stages of development. Rejected, for lack of funds, were applications for over 1,700 equally worthwhile projects. These applications, with a little bit of assistance, on the average of 15 percent, could be accepted and the facilities constructed.

Cost

The Department advises that an additional \$150 million will be required for loans under the Agricultural Credit Insurance Fund and from the Farmers Home Administration direct loan account and for grants.

DEPARTMENTAL VIEWS

Attached is the statement of Mr. Howard Bertsch, Administrator, Farmers Home Administration, presented to the committee in hearings on July 1, 1968:

STATEMENT BY HOWARD BERTSCH, ADMINISTRATOR, FARMERS HOME ADMINISTRATION ON H.R. 18209 BEFORE THE HOUSE AGRICULTURE COMMITTEE ON JULY 1, 1968

Mr. Chairman, I greatly appreciate this opportunity to testify on H.R. 18209, a bill that would enable the Farmers Home Administration to be even more effective in strengthening the economy of rural America.

Many of the proposals contained in this bill were recommended by the President in his message on "Prosperity and Progress for the Farmer and Rural America."

Sections 1 and 9 of the bill would enable the Farmers Home Administration to make loans for the development of small nonfarm business enterprises to a broader group of farmers than our current authorities permit.

For the past three and a half years we have been making such loans under delegation from the Office of Economic Opportunity to farm families and other rural people who have extremely low incomes. All told 21,900 initial loans of this type have been made for a total of \$43 million.

We have found this type of credit assistance to be effective. More than 300 different types of trades and small businesses have been established. Typical of these enterprises are farm machinery repair shops, small grocery stores, electrical appliance repair shops, cutting and hauling timber, and the production of handicrafts. The incomes of most of the borrowers have been increased. The repayment record has been satisfactory, and hundreds of small rural communities now have services that previously were not available.

But many of the farm families who could make good use of such credit are currently ineligible. Their incomes or their assets place them above the poverty level, or they need larger amounts of credit than are available under the Economic Opportunity Act.

Such families, assuming they are not able to increase their incomes through the development or purchase of additional land or through off-farm employment, would be able to increase their incomes under H.R. 18209 by developing small businesses needed in their community.

In effect, sections 1 and 9 would fill a credit gap that now exists in rural areas between the farm families who can obtain

credit assistance for small business under the Economic Opportunity Act and the farm families who can meet the credit requirements of commercial lenders.

These loans, as is the case with all loans made by the Farmers Home Administration, would be made only to families who cannot obtain credit on reasonable rates and terms from other sources. As soon as the families reached a point where they could qualify for credit from other sources they would be required to refinance their debts.

Sections 2 and 9 would enable the Farmers Home Administration to be more effective in helping farmers add to their incomes by developing income-producing recreational enterprises.

Allow me to briefly review our past experience in this field.

Since 1962 the Farmers Home Administration has been authorized by Congress to make loans to farmers for the development of income-producing recreational enterprises on their farms.

Nearly 800 farmers have received loans totaling approximately \$5 million to carry out necessary construction, buy equipment, and meet other expenses of developing recreational facilities. Recreational enterprises financed on family farms include fishing for a fee, boating facilities, picnicking, sports and camping areas, horseback riding, vacation farms, travel trailer parks, swimming facilities, cabins and cottages, hunting preserves, nine-hole golf courses, and pack service for big game hunting.

A survey of 306 farm-based recreational enterprises financed by the Farmers Home Administration shows that nine out of 10 borrowers are making a profit and those who have been in the business for more than 3 years realize an annual average profit to \$2,143 in addition to their farm incomes. These recreational enterprises added a total of \$1.4 million to the gross income of the 306 borrowers who were surveyed. Youth camps seem to be the most profitable, with golf facilities and marinas ranking second and third.

The need for recreational facilities is constantly increasing.

Estimates compiled by the Bureau of Outdoor Recreation show that Americans paid 6½ billion visits in 1965 to facilities for 19 kinds of popular outdoor recreation activities. The Bureau forecasts that this volume will increase to more than 10 billion visits by the year 1980, assuming that the facilities to handle this expansion exist.

One of the barriers to the development of additional farm-based income-producing recreational enterprises stems from the fact that currently a farmer who borrows funds from the Farmers Home Administration to develop a recreational enterprise must agree to continue to farm.

Many potential borrower reason that to be successful in a business they must be able to devote their full time to its operation. They see conflicts occurring at critical times on the demands for their labor and management if they attempt to

set up and run recreational enterprises alongside of their farm business.

So they abstain from entering the recreation field.

H.R. 18209 would make it possible for a farmer to convert his entire farm to recreation.

This, in our opinion, would be a great boon to the development of needed recreational facilities and enable farmers with marginal operations and with talent for handling a recreation business to make substantial increases in their incomes.

Section 3 of the bill would increase the amount of development grants that could be made in a fiscal year for water and waste disposal projects from the present limit of \$50 million to \$150 million.

Development grants were first authorized in 1965. The demand for these grants demonstrates that the present authorization of \$50 million annually is not sufficient to meet even the most critical need. We suggest, however, that an increase to \$100 million at this time would be more realistic.

These grants in many cases make the difference between communities having modern water and waste disposal facilities or continuing to live with the inconvenience and health hazards of an inadequate, polluted water supply and primitive methods of waste disposal.

The Farmers Home Administration makes maximum use of each grant dollar. The law authorizes grants up to 50 percent of the project construction cost. The Agency, however, limits the amount of grant to the amount needed to provide a reasonable user service cost.

As a result of this policy, the grants we make are running about 15 percent of the project cost of all water and waste disposal facilities financed. As a result, we are able to assist a far larger number of rural communities and a far larger number of rural people than would have been possible had we made a flat 50-percent grant in each case.

Sections 4 and 5 would extend from October 1, 1968, to October 1, 1971, the period within which grants may be made to assist in financing water and waste disposal projects if a comprehensive area plan for developing water and waste disposal systems has not been completed and would increase from \$5 million to \$25 million the amount authorized annually for comprehensive planning grants.

Since the passage of Public Law 89-240, the Poage-Aiken Rural Development Act in 1965, rural communities have made considerable progress in developing comprehensive plans for water and waste disposal systems. In fact, with the assistance of this program, 1,050 counties of the approximately 3,000 rural counties in the United States have already undertaken the development of such plans. However, it is clear at the present time that unless the deadline for the completion of such plans is extended, thousands of rural communities will have to postpone their plans for community improvement.

One of the reasons that many rural communities have not yet completed their comprehensive plans is the shortage of planning grants.

The funds currently authorized cannot meet even the most critical needs. However, in light of the overall demands made on the budget, we suggest that an authorization of \$15 million is more realistic than the \$25 million proposed in the bill.

Section 6 would set up a number of loanmaking conditions that, we respectfully suggest, would hinder rather than improve the administration of the water and waste disposal loan program.

Section 6, for example, would require the Farmers Home Administration to report to the House and Senate Agriculture Committees, prior to loan approval the name of each applicant who has, after all reasonable efforts have been made, been unable to obtain private or cooperative financing for a water or sewer project.

The genius of the Farmers Home Administration, if I may be permitted to say so, lies in the fact that the loanmaking authority within the Agency is decentralized and rests in the hands of employees who live in the communities they serve and understand local problems.

We are always interested in reviewing our operations with the Agriculture Committees of the House and Senate. However, in the interest of making the most economical use of the time of all concerned and of utilizing our decentralized authority to the maximum, we do not believe a report of the type called for would be a practical undertaking.

In order to insure that applicant communities can make the greatest possible use of credit available from other sources, we are now revising our regulations to (1) require that each community offer bonds for sale to the public and (2) authorize the sale of a portion of such a bond issue.

If the applicant receives a bid on all or part of the proposed bond issue which results in a net interest cost equal to or less than the applicable Farmers Home Administration interest rate, the Farmers Home Administration will not make that part of the loan covered by the acceptable bid.

If a development grant is necessary, it will be made regardless of who buys the bonds.

Section 6 would also require, and I quote, "Whenever, in the judgment of the Secretary, a sewer or water project can be financed through a grant under this section and a loan from private and cooperative sources as advantageously to the applicant and as economically to the Government as through financing by the Government under this section (taking an allowance to cover current administrative costs into account), the Secretary shall require the applicant to obtain such loan from private or cooperative sources."

This proposed amendment implies, I believe, that there are times when all a rural community needs to do to qualify for private credit is to obtain an additional grant equal to the amount of the administrative expenses incurred by the Farm-

ers Home Administration in financing the community's water or sewer system.

We do not believe this type of financial assistance would be a proper use of grant funds.

We believe that such grant funds as are available from the Government should be used to lower the cost to the users of water and sewer systems rather than provide the interest charged by private investors.

Section 6 also calls upon the President to take steps to coordinate the services provided by all of the agencies that assist in the development of water and sewer systems.

This coordination has already been provided by a directive from the Bureau of the Budget. We have had over 2 years' experience with this Government-wide referral and information system in which applicants are sent to the agency best qualified to meet their needs. We find this system to be working very effectively.

Therefore, for the reasons stated above, we suggest that section 6 be deleted from the bill.

Section 7 of the bill removes until October 1, 1971, the \$450 million annual ceiling on insured loans for farmownership, soil and water conservation, the development of rural community water and waste disposal systems, and for grazing and recreation areas.

We are heartily in accord with removing the \$450 million ceiling but it may be that the Congress would like to review and evaluate program effectiveness prior to the October 1, 1971, date proposed in section 7.

Section 8 of the bill would increase from \$50 million to \$100 million the amount of loans that can be made from and held at any one time in the Agricultural Credit Insurance Fund pending initial sale.

This change will permit a smoother flow of loans through the fund and eliminate delays in issuing loan checks.

The \$50 million ceiling when it was originally established was based on an insured loan program that totaled \$200 million a year.

The increase to \$100 million would also permit the accumulation of blocks of loans to be sold to lenders interested only in large investments.

Section 10 would eliminate the proviso that restricts the use of 75 percent of the funds available for farm operating loans to borrowers whose indebtedness, after receiving the loans, will be less than \$15,000.

In recent years the amount of credit needed for farm operating expenses has increased greatly throughout the country. The removal of this restriction will provide a uniform operating credit ceiling for all eligible applicants throughout rural America.

Section 11 would change the interest rate on farm operating loans from the current rate of 5 percent to a rate that reflects the "current average market yield on outstanding marketable obligations of the United States with remaining periods to

maturity comparable to the average maturities of such loans, adjusted to the nearest one-eighth of 1 percent, plus not to exceed 1 percent per annum as determined by the Secretary."

Knowing of the committee's continued interest in an adequate supply of farm operating funds, I feel that I should report that the \$275 million made available for direct operating loans in fiscal year 1968 were largely exhausted in March.

The \$250 million in direct loans proposed for fiscal year 1969 will be even less adequate in terms of meeting the needs of family farmers, but, under existing circumstances, is all the budget can support.

We hope, therefore, that at the earliest opportunity, we will be able to pursue with this committee the feasibility of supplementing the direct operating loan funds with some version of an insured operating loan program.

Section 12 would enable the Farmers Home Administration to release mortgage and other contract liens if it appears that they have no present or prospective value or that their enforcement would be ineffectual or uneconomical.

This authority is necessary if we are to do a businesslike job of clearing our records.

I do appreciate this opportunity to appear once again before your distinguished committee and I repeat, that with some modifications I believe this bill, if enacted, will be a major contribution to the strengthening of the economy of rural America and a great benefit to the people who live in the countryside.

SECTION-BY-SECTION EXPLANATION

Section 1. Loans for enterprises to supplement farm income

The first section of the bill provides for amendment of the Consolidated Farmers Home Administration Act of 1961 "as follows," so that all subsequent sections should be read as amending that act.

The first section amends section 303 of the act to include "enterprises needed to supplement farm income" among the purposes for which loans may be made under that section. (Section 303 authorizes real estate loans to owner-operators of not larger than family farms who are unable to obtain sufficient credit elsewhere. The loan purposes now authorized by section 303 are "acquiring, enlarging, or improving farms, including farm buildings, land and water development, use and conservation, including recreational uses and facilities, refinancing existing indebtedness, and for loan closing costs.") The purpose of section 303 is to provide farmers who are unable to obtain credit elsewhere with sufficient credit to engage in farming. Often the income from the farm is insufficient to enable the farmer to support himself and his family and he must look elsewhere for supplemental income. This section would provide him with that opportunity.

Section 2. Loans to convert farms to recreation

This section authorizes loans for the conversion of farms to recreational use. It would not have any effect on the present policies of the Farmers Home Administration with respect to loans for nonfarm

recreational purposes. Under section 2(b) (2) (A) of the Participation Sales Act of 1966 such loans are not pooled for the purpose of issuing participation sales certificates. Hence, most nonfarm recreational loans (other than to public bodies) are insured loans. It is also not intended to provide for loans to persons who have not been regularly engaged in farming, but acquire a farm for the purpose of establishing a recreational enterprise. It is intended that the Secretary will restrict loans under this provision to persons who have been regularly engaged in farming prior to their application for an initial loan for recreational purposes.

The Department explained this section as follows:

The addition to section 304 will authorize loans to individual farm or ranch owners or tenants to establish or further develop outdoor recreational enterprises. That section will authorize the use of funds for acquiring the additional essential resources for income-producing recreational activities. The amount of each loan to an individual will be subject to the \$60,000 and normal value limitation in section 305(a).

The applicant will be required to be a farm or ranch owner or tenant when he receives the initial recreation loan. Subsequent loans can be made for the recreational enterprise originally financed under this subtitle. The applicant may, but will not be required to, continue to farm after the loan is made. The labor requirements for a recreational enterprise may exceed the equivalent of those for a family farming operation.

Recreation loans under this section may be made or insured for (1) acquisition of additional land and land development, (2) construction, improvement, and operation of outdoor recreational facilities, equipment, and related buildings, (3) refinancing of debts, and (4) loan closing costs.

Section 3. Water and sewer development grants

This section increases the annual limit on development grants under section 306(a) (2) to \$100 million (from \$50 million). These grants for rural water and sewer project development costs were authorized by amendment of section 306 by Public Law 89-240, approved October 7, 1965. Before that date only loans were authorized. The Department advises that the increase in applications for water and sewer projects demonstrates that the present authorization of \$50 million annually is not sufficient to meet even the most critical need. In fiscal year 1966, 4,205 applicants for assistance were received from rural communities as compared with 1,422 received in fiscal year 1965. On May 31, 1967, the Farmers Home Administration had on hand 2,392 applications from rural communities for assistance in the installation of domestic water systems and about 1,118 applications for assistance in the installation of community waste disposal systems. Over 700 applications were from communities seeking assistance for both water and waste disposal systems. Until recently, there has been no place for many rural communities to obtain assistance in developing public water and waste facilities.

Section 4. Extend comprehensive planning grant period

The period within which grants may be made to assist in financing water and waste disposal projects prior to the completion of a comprehensive area plan is increased from its present expiration date of October 1, 1968, to October 1, 1971.

Many communities have made progress toward the development of comprehensive plans for water and waste disposal systems. By this program, 1,050 counties of the some 3,000 rural counties in the United States have undertaken such plan development. It is apparent that some counties will be unable to meet the present deadline. Since the cause is in many instances the shortage of available trained planned personnel and funds, the committee felt that communities needing this service should have the opportunity to avail themselves of it through this extension of the time limit.

Section 5. Planning grants

This section increases the annual limit on planning grants under section 306(a) (6) to \$15 million (from \$5 million). These grants were authorized by Public Law 89-240 to be made to public bodies or other agencies having authority to prepare official comprehensive plans for the development of rural water or sewer systems. Until the passage of Public Law 89-240 in 1965, most rural public agencies were unable to finance the basic comprehensive planning essential to the orderly and economical development of these necessary utility services. The funds authorized by existing law for this purpose cannot meet the critical needs. As of May 31, 1968, there were 421 applications on hand and they were being received at the rate of approximately 65 per month. After October 1, 1968, under current law, development grants under Public Law 89-240 may not be made unless a comprehensive plan for the area is available and the proposed project is consistent with that plan.

Section 6. Insured loan authority

This section would remove the \$450 million limit on the amount of loans which may be insured under subtitle A in any one year. Loan insurance authority would terminate on October 1, 1971. At that time the Congress could review the program, evaluate its effectiveness, and make the decision as to whether or not it should be extended and, if so, under what amount of ceiling, if any. Three years without the ceiling were considered by the committee as necessary before reconsideration. Because of the extremely high demand for loans in rural communities for water and waste disposal projects and for farmownership loans, the present \$450 million authorization has been exhausted during the first 9 months of each of the past 3 years. With the backlog of qualified applicants that are unable to obtain the loans elsewhere and the needs for water and waste disposal projects in rural areas, the \$450 million ceiling will be reached much earlier unless removed temporarily.

Section 7. Loans held for sale as insured loans

This section increases the amount of direct loans made from the insurance fund for resale as insured loans which may be outstanding at any one time to \$100 million (from \$50 million).

The purpose is to increase the amount of loans that can be made from and held at any one time in the agricultural credit insurance

fund pending initial sale to investors. The change will provide a smoother flow of loans through the fund and minimize delays in issuing loan checks.

The current \$50 million ceiling was based on an insured loan program that totaled \$200 million a year. The new ceiling will permit the accumulation of blocks of loans of sufficient size to attract the interest and bids of those lenders interested only in large investments.

Section 8. Operating loans for supplemental and recreation enterprises

This section expands the purposes for which operating loans can be made under subtitle B of the act to include (i) enterprises needed to supplement farm income and (ii) conversion of farms to recreation.

The Department explained this provision as follows:

The new item 312(5) is a companion authorization to that contained in the revision of section 304 and will authorize loans to individual farmers and ranchers to convert part or all of their farming operations to outdoor recreational enterprises. Loans will be made to establish new enterprises or to expand existing enterprises. These funds will be used for equipment and facilities, animals, birds, fish, supplies, payment of operating expenses and cash rent, refinancing of indebtedness, and loan closing costs. Operating loans for farming operations and recreational enterprises will be subject to the \$35,000 limitation in section 313. These loans will assist farm families to convert their farming operations so that their resources will be put to the best use in order to produce a profitable return on their investments or to otherwise improve their incomes. The applicant may, but will not be required to, continue to farm after the loan is made. The labor requirements for a recreational enterprise may exceed the equivalent of those for a family farming operation. The applicant will be required to be a farmer or a rancher when he receives the initial recreation loan. Additional loans can be made with respect to any recreational enterprise qualifying for an initial recreation loan.

The new item 312(6) enables qualified applicants to receive operating loans for small nonfarm enterprises, such as providing equipment for repair shops, processing, and transportation facilities where needed to supplement farm income. It helps farm families toward full employment and a chance to achieve economic stability in situations where farming alone will not produce adequate income for a reasonable standard of living.

Section 9. Removal of \$15,000 restriction on operating loans

This amendment eliminates the proviso that restricts the use of 75 percent of the funds for operating loans to \$15,000 or less. In recent years the amount of credit needed for farm operating expenses has increased greatly throughout the country. Large amounts of credit are necessary to purchase equipment which is replacing farm labor. As a result, many farmers and ranchers, especially young farmers and ranchers, need operating credit in excess of \$15,000 to carry on successful farming and ranching operations. Therefore, it is necessary to remove this restriction to provide a more effective program with a uni-

form credit ceiling for all eligible applicants throughout rural America.

Section 10. Interest rates on operating loans

This section amends the provision of the Consolidated Farmers Home Administration Act of 1961, dealing with the interest rate on loans under subtitle B (operating loans). The current rate for subtitle B loans is 5 percent; but the law permits the Secretary to fix the rate at any rate up to 5 percent. The bill provides for an interest rate determined by the Secretary of the Treasury, taking into consideration the cost of funds to the Government. The formula was recommended by the Department of Agriculture and is the same as that provided by the bill for subtitle A loans to borrowers, other than tax-exempt public bodies. However, the rate would differ from that for subtitle A loans because it would be based on yields on Government obligations with shorter remaining maturities, subtitle B loans being for 7 to 12 years. This rate would be at least $4\frac{3}{4}$ percent and not more than $5\frac{3}{4}$ percent according to the Department's current figures.

Section 11. Release of valueless liens

This amendment gives the Secretary the authority to release valueless mortgage and other contractual liens securing Farmers Home Administration loans. Such liens are valueless for a variety of reasons; including defective title of property held by borrowers, future advance made under prior liens, tax sales, and the borrower's loss of equity after the mortgage or other lien was taken. Under present law, such releases may be made only by the Comptroller General under limited statutory authority and by the Attorney General incident to handling litigation.

Section 12. County committee certification

This section strikes "farming" from the requirement that the county committee certify the applicant's ability to carry out the proposed "farming" operations. This supplements the proposed amendment to authorize loans for conversion to recreation and the provision of the bill authorizing loans for nonfarm enterprises needed to supplement farm income.

CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, and existing law in which no change is proposed is shown in roman) :

CONSOLIDATED FARMERS HOME ADMINISTRATION ACT OF 1961

* * * * *

SUBTITLE A—REAL ESTATE LOANS

* * * * *

SEC. 303. Loans may be made or insured under this subtitle for (1) acquiring, enlarging, or improving farms, including farm buildings, land and water development, use and conservation, [including] (2) recreational uses and facilities, (3) *enterprises needed to supplement*

farm income. (4) refinancing existing indebtedness, and [for] (5) loan closing costs. In making or insuring loans for farm purchase, the Secretary shall give preference to persons who are married or have dependent families and, wherever practicable, to persons who are able to make initial downpayments, or who are owners of livestock and farm implements necessary successfully to carry on farming operations.

SEC. 304. Loans may also be made or insured under this subtitle (a) to any farmowners or tenants without regard to the requirements of section 302(1), (2), and (3) for the purposes only of land and water development, use and conservation, *not including recreational uses and facilities and (b) without regard to the requirements of sections 302(2) and (3), to individual farmowners or tenants to finance outdoor recreational enterprises or to convert to recreational uses their farming or ranching operations, including those heretofore financed under this title.*

* * * * *

SEC. 306. (a) (1) The Secretary is also authorized to make or insure loans to associations, including corporations not operated for profit, and public and quasi-public agencies to provide for the application or establishment of soil conservation practices, shifts in land use, the conservation, development, use, and control of water, and the installation or improvement of drainage or waste disposal facilities, and recreational developments, all primarily serving farmers, ranchers, farm tenants, farm laborers, and other rural residents, and to furnish financial assistance or other aid in planning projects for such purposes.

(2) The Secretary is authorized to make grants aggregating not to exceed ~~[\$50,000,000]~~ \$100,000,000 in any fiscal year to such associations to finance specific projects for works for the development, storage, treatment, purification, or distribution of water or the collection, treatment, or disposal of waste in rural areas. The amount of any grant made under the authority of this paragraph shall not exceed 50 per centum of the development cost of the project to serve the area which the association determines can be feasibly served by the facility and to adequately serve the reasonably foreseeable growth needs of the area.

(3) No grant shall be made under paragraph 2 of this subsection in connection with any facility unless the Secretary determines that the project (i) will serve a rural area which is not likely to decline in population below that for which the facility was designed, (ii) is designed and constructed so that adequate capacity will or can be made available to serve the present population of the area to the extent feasible and to serve the reasonably foreseeable growth needs of the area, or (iii) is necessary for orderly community development consistent with a comprehensive community water or sewer development plan of the rural area and not inconsistent with any planned development under State, county, or municipal plans approved as official plans by competent authority for the area in which the rural community is located and the Secretary shall establish regulations requiring the submission of all applications for financial assistance under this Act to the county or municipal government in which the proposed project is to be located for review and comment by such agency within a designated period of time. Until October 1, [1968],

1971, the Secretary may make grants prior to the completion of the comprehensive plan, if the preparation of such plan has been undertaken for the area.

(4) (A) The term "development cost" means the cost of construction of a facility and the land, easements, and rights-of-way, and water rights necessary to the construction and operation of the facility.

(B) The term "project" shall include facilities providing central service or facilities serving individual properties, or both.

(5) No loan or grant shall be made under this subsection which would cause the unpaid principal indebtedness of any association under this Act and under the Act of August 28, 1937, as amended, together with the amount of any assistance in the form of a grant to exceed \$4,000,000 at any one time.

(6) The Secretary may make grants aggregating not to exceed **[5,000,000]** \$15,000,000 in any fiscal year to public bodies or such other agencies as the Secretary may determine having authority to prepare official comprehensive plans for the development of water or sewer systems in rural areas which do not have funds available for immediate undertaking of the preparation of such plan.

(7) Rural areas, for the purposes of water and waste disposal projects shall not include any area in any city or town which has a population in excess of 5,500 inhabitants.

(8) In each instance where the Secretary receives two or more applications for financial assistance for projects that would serve substantially the same group of residents within a single rural area, and one such application is submitted by a city, town, county or other unit of general local government, he shall, in the absence of substantial reasons to the contrary, provide such assistance to such city, town, county or other units of general local government.

(9) No Federal funds shall be authorized for use unless it be certified by the appropriate State water pollution control agency that the water supply system authorized will not result in pollution of waters of the State in excess of standards established by that agency.

(10) In the case of sewers and waste disposal systems, no Federal funds shall be advanced hereunder unless the appropriate State water pollution control agency shall certify that the effluent therefrom shall conform with appropriate State and Federal water pollution control standards when and where established.

(b) The service provided or made available through any such association shall not be curtailed or limited by inclusion of the area served by such association within the boundaries of any municipal corporation or other public body, or by the granting of any private franchise for similar service within such area during the term of such loan; nor shall the happening of any such event be the basis of requiring such association to secure any franchise, license, or permit as a condition to continuing to serve the area served by the association at the time of the occurrence of such event.

(c) In areas which have suffered major disasters the Secretary is authorized, without regard to the annual grant limitation in subsection (a) (2), to make or insure loans to associations, including corporations not operated for profit and public and quasi-public agencies, for the acquisition, construction, improvement, replacement, or extension of

waste disposal systems and other public facilities damaged or destroyed as a result of a major disaster providing for community services in rural areas, when the Secretary determines that such action is necessary for the rebuilding of a community or a portion thereof damaged by a disaster, and to make grants not to exceed 50 per centum of the cost of repair, reconstruction, or replacement of waste disposal systems, water systems, and other public facilities damaged or destroyed as a result of a major disaster providing for community services in these areas in any case in which repayment of a loan for such purposes from income would require a charge for such service which the Secretary determines to be beyond the ability of a majority of the users who might be served thereby to pay such charges and if such charges would exceed cost of such services in comparable communities in the State.

* * * * *

SEC. 308. **[Loans]** *Until October 1, 1971, loans* may be insured by the Secretary **[**, aggregating not more than \$450,000,000 in any one year,**]** whenever funds are advanced or a loan is purchased by a lender other than the United States. In connection with insurance of loans, the Secretary—

(a) is authorized to make agreements with respect to the servicing of loans insured hereunder and to purchase such loans on such terms and conditions as he may prescribe; and

(b) may retain out of payments by the borrower a charge at a rate specified in the insurance agreement applicable to the loans.

Any contract of insurance executed by the Secretary under this subtitle shall be an obligation supported by the full faith and credit of the United States and incontestable except for fraud or misrepresentation of which the holder has actual knowledge.

SEC. 309. * * *

(f) The Secretary may utilize the fund—

(1) to make loans which could be insured under this subtitle. Whenever the Secretary has reasonable assurance that they can be sold without undue delay, and may sell and insure such loans. The aggregate of the principal of such loans made and not disposed of shall not exceed **[\$50,000,000]** *\$100,000,000* at any one time;

(2) to pay the interest to which the holder of the note is entitled on loans heretofore or hereafter insured accruing between the date of any prepayments made by the borrower and the date of transmittal of any such prepayments to the lender. In the discretion of the Secretary, prepayments other than final payments need not be remitted to the holder until due;

(3) to pay to the holder of the notes any defaulted installment or, upon assignment of the note to the Secretary at the Secretary's request, the entire balance due on the loans;

(4) to purchase notes in accordance with agreements previously entered into; and

(5) to pay taxes, insurance, prior liens, expenses necessary to make fiscal adjustments in connection with the application and transmittal of collections and other expenses and advances authorized in section 335(a) in connection with insured loans.

SUBTITLE B—OPERATING LOANS

* * * * *

SEC. 312. Loans may be made under this subtitle for (1) paying costs incident to reorganizing the farming system for more profitable operation, (2) purchasing livestock, poultry, and farm equipment, (3) purchasing feed, seed, fertilizer, insecticides, and farm supplies and to meet other essential farm operating expenses including cash rent, (4) financing land and water development, use, and conservation [including recreational uses and facilities], (5) *without regard to the requirements of section 311 (2) and (3), to individual farmers or ranchers to finance outdoor recreational enterprises or to convert to recreational uses their farming or ranching operations, including those heretofore financed under this title*, (6) *enterprises needed to supplement farm income*, (7) refinancing existing indebtedness, [(6)] (8) other farm and home needs including but not limited to family subsistence, and [(7)] (9) for loan closing costs.

SEC. 313. The Secretary shall make no loan under this subtitle (1) which would cause the total principal indebtedness outstanding at any one time for loans made under this subtitle and under section 21 of the Bankhead-Jones Farm Tenant Act, as amended, to exceed \$35,000. [: *Provided, however, That not more than 25 per centum of the sums made available for loans under this subtitle may be used for loans which would cause such indebtedness of any borrower under said Acts to exceed \$15,000, (2) for the purchasing or leasing of land other than for cash rent, or for carrying on any land leasing or land purchasing program, or (3) in excess of an amount certified by the county committee.*]

* * * * *

SEC. 316. The Secretary shall make all loans under this subtitle [at an interest rate not to exceed 5 per centum per annum.] upon the full personal liability of the borrower and upon such security as the Secretary may prescribe. Such loans shall be payable in not more than seven years, but may be renewed for not more than five additional years. *Loans made under this subtitle shall bear interest at a rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of such loans, adjusted to the nearest one-eighth of 1 per centum, plus not to exceed 1 per centum per annum as determined by the Secretary.*

* * * * *

SUBTITLE D—ADMINISTRATIVE PROVISIONS

SEC. 331. For the purposes of this title and for the administration of assets under the jurisdiction of the Secretary of Agriculture pursuant to the Farmers Home Administration Act of 1946, as amended, the Bankhead-Jones Farm Tenant Act, as amended, the Act of August 28, 1937, as amended, the Act of April 6, 1949, as amended, the Act of August 31, 1954, as amended, and the powers and duties of the Secretary under any other Act authorizing agricultural credit, the

Secretary may assign and transfer such powers, duties, and assets to the Farmers Home Administration, to be headed by an Administrator, appointed by the President, by and with the advice and consent of the Senate, without regard to the civil service laws or the Classification Act of 1949, as amended, who shall receive basic compensation as provided by law for that office.

The Secretary may—

(a) administer his powers and duties through such national, area, State, or local offices and employees in the United States and in Puerto Rico and the Virgin Islands as he determines to be necessary and may authorize an office to serve the area composed of two or more States if he determines that the volume of business in the area is not sufficient to justify separate State offices;

(b) accept and utilize voluntary and uncompensated services, and, with the consent of the agency concerned, utilize the officers, employees, equipment, and information of any agency of the Federal Government, or of any State, territory, or political subdivision;

(c) within the limits of appropriations made therefor, make necessary expenditures for purchase or hire of passenger vehicles, and such other facilities and services as he may from time to time find necessary for the proper administration of this Act;

(d) compromise, adjust, or reduce claims, and adjust and modify the terms of mortgages, leases, contracts, and agreements entered into or administered by the Farmers Home Administration under any of its programs, as circumstances may require, but compromises, adjustments, or reductions of claims of \$15,000 or more shall not be made without the approval of the Administrator: *Provided, however, That—*

(1) compromise, adjustment, or reduction of claims shall be based on the value of the security and a determination by the Secretary of the debtor's reasonable ability to pay considering his other assets and income at the time of the action and with or without the payment of any consideration at the time of such adjustment or reduction;

(2) releases from personal liability may also be made with or without payment of any consideration at the time of adjustment of claims against—

(A) borrowers who have transferred the security property to approved applicants under agreements assuming the outstanding secured indebtedness;

(B) borrowers who have transferred the security property to approved applicants under agreements assuming that portion of the secured indebtedness equal to the current market value of the security property or transferred the security property to the Secretary;

(C) borrowers who have transferred the security property to other than approved applicants under agreements assuming the full amount of, or that portion of the secured indebtedness equal to, the current market value of the security property on terms not to exceed five annual installments with interest on the unpaid balance at a rate determined by the Secretary; and

(D) borrowers who transfer security property under subparagraphs (B) and (C) above for amounts less than the indebtedness secured thereby may be released from personal liability only on a determination by the Secretary that each such borrower has no reasonable debt-paying ability considering his assets and income at the time of the transfer and the county committee certifies that the borrower has cooperated in good faith, used due diligence to maintain the security property against loss, and has otherwise fulfilled the covenants incident to his loan to the best of his ability;

(3) no compromise, adjustment, or reduction of claims shall be made upon terms more favorable than recommended by the appropriate county committee utilized pursuant to section 332 of this title; and

(4) any claim which has been due and payable for five years or more, and where the debtor has no assets or no apparent future debt-paying ability from which the claim could be collected, or is deceased and has left no estate, or has been absent from his last known address for a period of at least five years, has no known assets, and his whereabouts cannot be ascertained without undue expense, may be charged off or released by the Secretary upon a report and favorable recommendation of the county committee and of the employee having charge of the claim, and any claim involving a principal balance of \$150 or less may be charged off or released whenever it appears to the Secretary that further collection efforts would be ineffectual or likely to prove uneconomical; and

(5) partial releases and subordination of mortgages may be granted either where the secured indebtedness remaining after the transaction will be adequately secured or the security interest of the Secretary will not be adversely affected, and the transaction and use of proceeds will further the purposes for which the loan was made, improve the borrower's debt-paying ability, permit payments on indebtedness owed to or insured by the Secretary, or permit payment of reasonable costs and expenses incident to the transaction, including taxes incident to or resulting from the transaction which the borrower is unable to pay from other sources:

Provided further, That no such compromise, adjustment, or reduction shall be made hereunder after the claim has been referred to the Attorney General unless agreed to by the Attorney General.

(e) collect all claims and obligations arising or administered under this title, or under any mortgage, lease, contract, or agreement entered into or administered pursuant to this title and, if in his judgment necessary and advisable, pursue the same to final collection in any court having jurisdiction.

(f) *release mortgage and other contract liens if it appears that they have no present or prospective value or that their enforcement likely would be ineffectual or uneconomical.*

* * * * *

SEC. 333. In connection with loans made or insured under this title, the Secretary shall require—

(a) the applicant to certify in writing that he is unable to obtain sufficient credit elsewhere to finance his actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in the community in or near which the applicant resides for loans for similar purposes and periods of time;

(b) except for loans under sections 306, 314 and 321(b) (2), the county committee to certify in writing that the applicant meets the eligibility requirements for the loan, and has the character, industry, and ability to carry out the proposed **["farming"]** operations, and will, in the opinion of the committee, honestly endeavor to carry out his undertakings and obligations; and for loans under section 306, 314 and 321(b) (2), the Secretary shall require the recommendation of the county committee as to the making or insuring of the loan;

* * * * *

C

H. R. 18209

[Report No. 1635]

IN THE HOUSE OF REPRESENTATIVES

JUNE 27, 1968

Mr. POAGE introduced the following bill; which was referred to the Committee on Agriculture

JULY 3, 1968

Reported with amendments, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Omit the part struck through and insert the part printed in italic]

A BILL

To amend the Consolidated Farmers Home Administration Act of 1961, as amended, to provide for loans to supplement farm income and to provide for additional recreation loans, extend the period for water and sewer grants prior to completion of a comprehensive plan, increase the amount of unsold insured loans that may be made out of the fund, raise the aggregate annual limits on grants, remove the annual ceiling on insured loans, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That the Consolidated Farmers Home Administration Act
4 of 1961, as amended, is further amended as follows:

5 The first sentence of section 303 is amended to read as
6 follows: "Loans may be made or insured under this subtitle

1 for (1) acquiring, enlarging, or improving farms, including
 2 farm buildings, land and water development, use and con-
 3 servation, (2) recreational uses and facilities, (3) enter-
 4 prises needed to supplement farm income, (4) refinancing
 5 existing indebtedness, and (5) loan closing costs.”

6 SEC. 2. Section 304 is amended by inserting “(a)”
 7 after “subtitle”, and by changing the period at the end of
 8 the section to a comma and adding the following: “not in-
 9 cluding recreational uses and facilities, and (b) without re-
 10 gard to the requirements of sections 302 (2) and (3), to
 11 individual farmowners or tenants to finance outdoor recrea-
 12 tional enterprises or to convert to recreational uses their
 13 farming or ranching operations, including those heretofore
 14 financed under this title.”

15 SEC. 3. Section 306 (a) (2) is amended by changing
 16 “\$50,000,000” to ~~“\$150,000,000”~~. “\$100,000,000”.

17 SEC. 4. The last sentence of section 306 (a) (3) is
 18 amended by changing “1968” to “1971”.

19 SEC. 5. Section 306 (a) (6) is amended by changing
 20 “\$5,000,000” to ~~“\$25,000,000”~~. “\$15,000,000”.

21 ~~SEC. 6. Section 306 is further amended by adding at the~~
 22 ~~end thereof the following:~~

23 ~~“(d) An applicant for a loan under this section for a~~
 24 ~~water or sewer project to serve any area in any city or town~~
 25 ~~shall, together with the Secretary, make all reasonable efforts~~

1 to obtain private or cooperative financing of the project; and
2 where such efforts are unsuccessful, the Administrator of the
3 Farmers Home Administration shall personally so determine
4 and furnish a report thereon prior to the approval of the loan
5 to the Committee on Agriculture and Forestry of the Sen-
6 ate and the Committee on Agriculture of the House of Repre-
7 sentatives. Whenever, in the judgment of the Secretary, a
8 sewer or water project can be financed through a grant
9 under this section and a loan from private or cooperative
10 sources as advantageously to the applicant and as economi-
11 cally to the Government as through financing by the Govern-
12 ment under this section (taking an allowance to cover current
13 administrative costs into account), the Secretary shall re-
14 quire the applicant to obtain such loan from private or co-
15 operative sources.

16 “(c) Each department or agency of the Federal Gov-
17 ernment which is authorized to furnish financial assistance
18 for any of the purposes for which financial assistance may
19 be furnished under this section shall carefully review each
20 application for such assistance received by it, determine
21 whether the needs of the applicant may be better served by
22 another department or agency, and, if so, advise the appli-
23 cant and such other department or agency of such determina-
24 tion. The President shall issue such rules and regulations
25 as he deems necessary or desirable to assure (1) the coordi-

1 nation of the program authorized by this Act with related
2 programs of other agencies, including the Department of
3 Housing and Urban Development, the Department of Com-
4 merce, and the Department of the Interior; and ~~(2)~~ the
5 availability to prospective applicants of information on the
6 alternative programs available to them.”

7 SEC. 7 6. Section 308 is amended by striking the word
8 “Loans” from the beginning of the first sentence and insert-
9 ing in lieu thereof “Until October 1, 1971, loans” and by
10 striking the comma after the word “Secretary” and the
11 phrase “aggregating not more than \$450,000,000 in any one
12 year,”.

13 SEC. 8 7. Section 309 (f) is amended by changing
14 “\$50,000,000” to “\$100,000,000”.

15 SEC. 9 8. Section 312 is amended by (a) revising sub-
16 section (4) to read as follows: “(4) financing land and
17 water development, use, and conservation,”; (b) inserting
18 new items (5) and (6) to read as follows: “(5) without
19 regard to the requirements of section 311 (2) and (3), to
20 individual farmers or ranchers to finance outdoor recrea-
21 tional enterprises or to convert to recreational uses their
22 farming or ranching operations, including those heretofore
23 financed under this title, (6) enterprises needed to supple-
24 ment farm income,”; and (c) by renumbering the present
25 items “(5), (6), and (7)” to “(7), (8), and (9)”.

1 SEC. ~~40~~ 9. Section 313 is amended by changing the colon
2 after “\$35,000” to a comma, and by striking the proviso
3 in item (1).

4 SEC. ~~41~~ 10. Section 316 is amended by (a) striking from
5 the first sentence “at an interest rate not to exceed 5 per
6 centum per annum,” and (b) adding at the end of the
7 section the following: “Loans made under this subtitle shall
8 bear interest at a rate determined by the Secretary of the
9 Treasury taking into consideration the current average mar-
10 ket yield on outstanding marketable obligations of the
11 United States with remaining periods to maturity comparable
12 to the average maturities of such loans, adjusted to the
13 nearest one-eighth of 1 per centum, plus not to exceed 1 per
14 centum per annum as determined by the Secretary.”

15 SEC. ~~42~~ 11. Section 331 is amended by adding a new
16 subsection (f) at the end thereof to read as follows:

17 “(f) Release mortgage and other contract liens if it
18 appears that they have no present or prospective value or
19 that their enforcement likely would be ineffectual or un-
20 economical.”

21 SEC. ~~43~~ 12. Section 333 (b) of the Consolidated Farmers
22 Home Administration Act of 1961 is amended by inserting
23 “~~310,~~” after “~~306,~~” in both places and striking the word
24 “farming”.

[Report No. 1635]

A BILL

To amend the Consolidated Farmers Home Administration Act of 1961, as amended, to provide for loans to supplement farm income and to provide for additional recreation loans, extend the period for water and sewer grants prior to completion of a comprehensive plan, increase the amount of unsold insured loans that may be made out of the fund, raise the aggregate annual limits on grants, remove the annual ceiling on insured loans, and for other purposes.

By Mr. POAGE

JUNE 27, 1968

Referred to the Committee on Agriculture

JULY 3, 1968

Reported with amendments, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250
OFFICIAL BUSINESS

POSTAGE AND FEES PAID
U. S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
FOR INFORMATION ONLY;
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For actions of July 23, 1968
90th-2nd; No. 128

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HIGHLIGHTS: See page 6

HOUSE

1. FHA LOANS. The Rules Committee reported a resolution for the consideration of H. R. 18209, to provide for loans to supplement farm income and to provide for additional recreation loans, extend the period for water and sewer grants prior to completion of a comprehensive plan, increase the amount of unsold insured loans that may be made out of the fund, raise the aggregate annual limits on grants, and remove the annual ceiling on insured loans. p. H7355

2. HOUSING. Received the conference report on S. 3497, the housing bill (H. Rept. 1718 (pp. H7278-324)). The conferees omitted the provision requiring labor standards under the Bacon-Davis Act to be applied in certain housing for rural trainees. The bill also includes provisions for additional rural housing, a flood insurance program administered by HUD with assistance of USDA and other agencies, establishment of new communities, etc. See also Digests 86, 92, and 118.
3. APPROPRIATIONS. The Rules Committee reported a resolution for the consideration of H. R. 18707, the Defense Department appropriation bill, 1969. p. H7355
Conferees were appointed on H. R. 17903, the public works and Atomic Energy Commission appropriation bill, 1969. p. H7221
4. MANPOWER. The Rules Committee reported a resolution for the consideration of H. R. 15045, to extend certain expiring provisions under the Manpower Development Training Act of 1962. p. H7355
5. FISH PROTEIN. The Merchant Marine and Fisheries Committee reported with amendment S. 3030, to develop fish protein concentrate (H. Rept. 1782). p. H7355
6. LANDS. A subcommittee of the Agriculture Committee approved for full committee action H. R. 18207, to permit an exchange of land by the S. C. State Commission of Forestry; H. R. 18033, to release on behalf of the U. S. a condition in a deed conveying certain land to Ohio; and H. R. 774, to provide for payments in lieu of taxes on lands in national forests. p. D726
7. INTERGOVERNMENTAL COOPERATION. A subcommittee of the Government Operations Committee approved for full committee action "a clean bill in lieu of H. R. 16718," the proposed Intergovernmental Cooperation Act. p. D726
8. WATER RESOURCES. A subcommittee of the Interior and Insular Affairs Committee approved for full committee action H. R. 15731 and S. 3058, to revise the authorization of appropriations for administering the provisions of the Water Resources Planning Act, and H. R. 7804 and S. 224, to provide for the rehabilitation of the Eklutna project, Alaska. pp. D726-7
9. ELECTRIFICATION. Rep. St Germain criticized the "repeated rejection of the Dickey-Lincoln project." pp. H7328-9
10. TAXATION; EXPENDITURES. Rep. Collier stated the 10-percent surcharge tax has "temporarily" helped but predicted "a new and even more serious fiscal crisis ...unless every establishment...receiving Federal funds recognizes the depth of our fiscal problem." p. H7347
11. OPINION POLL. Rep. Ashbrook inserted the results of a questionnaire including items of interest to this Department. pp. H7348-9
12. AFRICAN TOUR. Rep. O'Hara, Ill., inserted Assistant Secretary of State Palmer's discussion of his recent tour of Africa in which he stated that the emphasis almost everywhere is increasingly on agricultural production as the realistic

CONSIDERATION OF H.R. 18209

JULY 23, 1968.—Referred to the House Calendar and ordered to be printed

Mr. SISK, from the Committee on Rules, submitted the following

REPORT

[To accompany H. Res. 1272]

The Committee on Rules, having had under consideration House Resolution 1272, report the same to the House with the recommendation that the resolution do pass.



House Calendar No. 310

90TH CONGRESS
2D SESSION

H. RES. 1272

[Report No. 1775]

IN THE HOUSE OF REPRESENTATIVES

JULY 23, 1968

Mr. SISK, from the Committee on Rules, reported the following resolution;
which was referred to the House Calendar and ordered to be printed

RESOLUTION

1 *Resolved*, That upon the adoption of this resolution it
2 shall be in order to move that the House resolve itself into
3 the Committee of the Whole House on the State of the Union
4 for the consideration of the bill (H.R. 18209) to amend the
5 Consolidated Farmers Home Administration Act of 1961, as
6 amended, to provide for loans to supplement farm income
7 and to provide for additional recreation loans, extend the
8 period for water and sewer grants prior to completion of a
9 comprehensive plan, increase the amount of unsold insured
10 loans that may be made out of the fund, raise the aggregate
11 annual limits on grants, remove the annual ceiling on insured
12 loans, and for other purposes. After general debate, which

1 shall be confined to the bill and shall continue not to exceed
2 one hour, to be equally divided and controlled by the chair-
3 man and ranking minority member of the Committee on
4 Agriculture, the bill shall be read for amendment under the
5 five-minute rule. At the conclusion of the consideration of
6 the bill for amendment, the Committee shall rise and report
7 the bill to the House with such amendments as may have
8 been adopted, and the previous question shall be considered
9 as ordered on the bill and amendments thereto to final
10 passage without intervening motion except one motion to
11 recommit. After the passage of H.R. 18209 the Committee
12 on Agriculture shall be discharged from the further con-
13 sideration of the bill S. 1504, and it shall then be in order
14 in the House to move to strike out all after the enacting
15 clause of the said Senate bill and insert in lieu thereof the
16 provisions contained in H.R. 18209 as passed by the House.

90TH CONGRESS
2d Session

H. RES. 1272

[Report No. 1775]

RESOLUTION

Providing for consideration of H.R. 18209 to amend the Consolidated Farmers Home Administration Act of 1961, as amended, to provide for loans to supplement farm income and to provide for additional recreation loans, extend the period for water and sewer grants prior to completion of a comprehensive plan, increase the amount of unsold insured loans that may be made out of the fund, raise the aggregate annual limits on grants, remove the annual ceiling on insured loans, and for other purposes.

By Mr. Sisk

JULY 23, 1968

Referred to the House Calendar and ordered to be printed

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250
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Issued August 5, 1968
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90th-2nd; No. 137

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HIGHLIGHTS: See page 7

SENATE

1. DAIRY INDEMNITY. Agreed to the conference report on S. 3638, to extend the authority of the Secretary of Agriculture to make indemnity payments to dairy farmers for milk required to be withheld from commercial markets because it contains residues of chemicals registered and approved for use by the Federal Government. For provisions of the conference report see Digest 136. This bill will now be sent to the President. p. S10045

2. POULTRY INSPECTION. The Senate received and both Houses agreed to the conference report on H. R. 16363, the poultry inspection bill (pp. S10131-2, S10074-5, H8128). For provision of the conference report see Digest 136. This bill will now be sent to the President.

3. FHA LOANS. Concurred in House amendment to S. 1504 (to substitute language of H. R. 18209, a similar bill, passed by the House earlier as reported (pp. H8121-4, S10126). This bill will now be sent to the President.

This bill would amend the Consolidated Farmers Home Administration Act of 1961 to--(1) Include (I) enterprises needed to supplement farm income and (II) conversion of farms to recreation among the purposes for which loans may be made under subtitles A (real estate) and B (operating); (2) Increase the annual development grant authority under section 306 to \$100 million (from \$50 million); (3) Increase the annual grant authority for comprehensive planning of water or sewer systems to \$15 million (from \$5 million); (4) Extend to October 1, 1971, the period within which grants may be made to assist financing water and waste disposal projects before the completion of a comprehensive plan; (5) Remove the \$450 million aggregate annual ceiling on insured loans to permit the making of such loans to eligible borrowers as needed; (6) Increase to \$100 million (from \$50 million) the amount of loans that can be held at one time in the Agricultural Credit Insurance Fund pending sale; (7) Remove the proviso that 75 percent of the funds available for operating loans be restricted to loans of \$15,000 or less while retaining the limit of \$35,000 per loan; (8) Give the Secretary of Agriculture authority to release valueless liens; and (9) Remove the 5-percent maximum rate of interest on operating loans and establish a rate equal to 1 percent more than the current average market yield on outstanding marketable obligations of the United States adjusted to the nearest one-eighth of 1 percent.

4. APPROPRIATIONS. The Senate received and both Houses agreed to the conference report on H. R. 18706, the D. C. appropriation bill (pp. S10102-3, H8115-8). This bill will now be sent to the President. Sen. Byrd inserted a conference summary table of the bill (p. S10103).

Began debate on H. R. 18037, the Labor, HEW, and related agencies appropriation bill. p. S10020

5. AGING. H. J. Res. 1371, to provide that it be the sense of Congress that a White House Conference on Aging be called by the President of the U. S. in 1971, was ordered to lie on the table. pp. S10021-2

6. EMPLOYMENT. Concurred in the House amendment to H. R. 1093, to amend and clarify the reemployment provisions of the Universal Military Training and Service Act. This bill will now be sent to the President. p. S10127

Sen. Monroney defended the Administration's employment policies and stated the alleged deliberate padding of Federal payrolls charge is "both inaccurate and misleading." p. S10102

7. COMMITTEES. Sens. Ellender, McGovern, Talmadge, Yarborough, Clark, Nelson, Hart, Mondale, Javits, Prouty, Boggs and Hatfield were appointed to the

A motion to reconsider was laid on the table.

(Mr. TEAGUE of Texas asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. TEAGUE of Texas. Mr. Speaker, the bill as passed by the House unanimously on June 6, 1968, provided for an 8 percent cost-of-living increase in the rates of compensation payable to veterans with service-connected disabilities where the disability was 90 percent or less in degree, and a flat \$100-a-month increase for those veterans rated totally disabled. The House version also provided for the furnishing of medical devices on an outpatient basis to totally disabled service-connected veterans in the same manner as veterans who receive such devices and are entitled to an aid and attendance pension on a non-service-connected basis.

The Senate version contains all of the features of the House bill plus three amendments. The first amendment carries out suggestions which have been in the President's budget message for the last 2 years and is recommendation 12 of the Veterans' Advisory Commission. The commission was composed of distinguished veteran leaders. This amendment provides for the discontinuance of the statutory award and graduated ratings for arrested tuberculosis. If this amendment is enacted into law it means that the \$67-a-month rate for arrested tuberculosis will be abolished as well as the liberal graduated reduction formula which has been in effect since 1925. However, all those who are presently on the rolls or who go on the rolls prior to the effective date of this section will continue to enjoy the benefits of existing law. This provision was written into law when tuberculosis was treated on an entirely different basis and over a period of years and could not be promptly arrested as it is today with modern medicines and drugs.

The second Senate amendment would relieve of liability certain veterans in the Tangipahoa Parish, La., who participated in good faith in an on-the-farm training program which, through no fault of theirs, did not meet pertinent Veterans' Administration standards.

The third Senate amendment authorized a program commonly known as VIPS—veterans in public service.

In essence, this is a program of incentive benefits and under the Senate amendment would be limited to veterans returning from active duty who would be willing to serve in deprived areas as policemen, teachers, and firemen. Additional payments would be made during the period of the veteran's training as well as during the period of his service in one of these occupations.

I am asking that the House reject the third amendment because it has never been considered either in the House or Senate committees and, regardless of the merits or demerits of the issue, it does need further study. Lacking that study I do not believe we should concur in the Senate's action with regard to amendment No. 3.

CONFERENCE REPORT ON H.R. 13781—AUTHORIZATIONS FOR THE SEA-GRANT COLLEGES AND PROGRAMS

Mr. ROGERS of Florida. Mr. Speaker, I call up the conference report on the bill (H.R. 13781) to amend title II of the Marine Resources and Engineering Development Act of 1966, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of August 1, 1968.)

Mr. ROGERS of Florida (during the reading). Mr. Speaker, I ask unanimous consent that further reading of the statement of the managers on the part of the House be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

Mr. GROSS. Mr. Speaker, reserving the right to object, I trust the gentleman will take at least a brief time to explain the bill and to state whether any amendments to the bill are germane since the other body has become quite profligate on the matter of ungermane amendments to legislation.

I should like to know whether the bill has been amended in the conference and whether the amendments are germane.

Mr. ROGERS of Florida. There are no amendments from the conference. Everything is germane to the bill.

Mr. GROSS. I thank the gentleman.

Mr. ROGERS of Florida. It was a unanimous conference without disagreement.

Mr. GROSS. Will the gentleman please explain the conference report?

Mr. ROGERS of Florida. Mr. Speaker, this is a continuing program that the House and the Congress adopted in 1967. This is a program for sea-grant colleges, to try to increase the manpower in the field of oceanography. We went into conference on a House-approved bill of \$6 million and \$8 million for a 2-year continuation of the program. The Senate had approved a program of \$15 million and \$15 million for 2 years. The agreement we made was that we would take the House figure, which is a budgeted item for this year, of \$6 million and accept the Senate figure of \$15 million for the second year of this program.

Everyone was in agreement, and we recommended that the conference report be agreed to.

Mr. GROSS. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. ROGERS of Florida. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered. The conference report was agreed to. A motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND

Mr. ROGERS of Florida. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the conference report just agreed to.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

RELIEF OF COL. GILMOUR C. MACDONALD

Mr. ASHMORE. Mr. Speaker, I call up the conference report on the bill (H.R. 10932) for the relief of Gilmour C. MacDonald, colonel, U.S. Air Force, retired, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of July 30, 1968.)

Mr. ASHMORE. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to.

A motion to reconsider was laid on the table.

AMENDING THE CONSOLIDATED FARMERS HOME ADMINISTRATION ACT

Mr. SISK. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 1272 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 1272

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 18209) to amend the Consolidated Farmers Home Administration Act of 1961, as amended, to provide for loans to supplement farm income and to provide for additional recreation loans, extend the period for water and sewer grants prior to completion of a comprehensive plan, increase the amount of unsold insured loans that may be made out of the fund, raise the aggregate annual limits on grants, remove the annual ceiling on insured loans, and for other purposes. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Agriculture, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may

have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit. After the passage of H.R. 18209 the Committee on Agriculture shall be discharged from the further consideration of the bill S. 1504, and it shall then be in order in the House to move to strike out all after the enacting clause of the said Senate bill and insert in lieu thereof the provisions contained in H.R. 18209 as passed by the House.

Mr. SISK. Mr. Speaker, I yield 30 minutes to the distinguished gentleman from California [Mr. SMITH] and, pending that, I yield myself such time as I may consume.

(Mr. SISK asked and was given permission to revise and extend his remarks.)

Mr. SISK. Mr. Speaker, House Resolution 1272 provides an open rule with 1 hour of general debate for consideration of H.R. 18209 to amend the Consolidated Farmers Home Administration Act of 1961, as amended. The resolution also provides that, after passage of H.R. 18209, the Committee on Agriculture shall be discharged from further consideration of S. 1504 and it shall be in order to move to strike all after the enacting clause of the Senate bill and amend it with the House-passed language.

Inadequate, polluted, and undependable sources of water, coupled with archaic waste disposal methods, not only blight the countryside but prevent its assimilation into growing national economy.

Once a program has begun providing healthful and sanitary water and sewer facilities for rural communities and the communities become aware of their need, a tremendous surge of activity is generated which must be supported, if the objectives are to be obtained, through the process of funding to a limited extent projects for sanitary facilities. Many applications have been accepted and are now in various stages of development. Over 1,700 applications for worthwhile projects have been rejected for lack of funds. These applications, with assistance on the average of 15 percent, could be accepted and the facilities constructed.

H.R. 18209 is intended to supplement farm income through enlargement, improvement, and acquisition of added land to form more economically sized tracts; development of recreational uses and facilities; conversion of land previously devoted to agricultural production to other pursuits; and the development of water resources, their efficient use and conservation. Secondly, it is aimed at improving the environmental conditions prevailing in rural America, the orderly disposal of waste and the establishment of readily available clean water supplies.

Mr. Speaker, I urge the adoption of House Resolution 1272 in order that H.R. 18209 may be considered.

Mr. Speaker, I reserve the balance of my time.

Mr. SMITH of California. Mr. Speaker, I yield myself such time as I may consume.

(Mr. SMITH of California asked and was given permission to revise and extend his remarks.)

Mr. SMITH of California. Mr. Speaker, the purpose of the bill is to amend

the Consolidated Farmers' Home Administration Act of 1961 to: First, generally increase lending authority for a number of agency programs; and, second, broaden the scope of the agency's lending authority to include areas not directly farm related.

The act seeks to improve farm and rural life by encouraging larger farming units, conversion of marginal farm lands to other uses, such as recreational, and the development of water resources.

The bill also breaks new ground in an effort to upgrade and improve the environmental conditions of rural America by providing programs for waste disposal and improved clean water availability.

Annual development grant authority is increased to \$100,000,000 from the current level of \$50,000,000 annually.

The existing \$450,000,000 annual ceiling on insured loans is removed. Loans will now be made to qualified borrowers without regard to any ceiling. At the same time the bill also doubles the amount of loans which may be held at one time in the agriculture credit insurance fund pending their sale; the total is increased from \$50,000,000 to \$100,000,000.

The individual loan ceiling to qualified borrowers is retained at \$35,000 but the requirement that 75 percent of all approved loans be for \$15,000 or less has been removed.

Finally, the bill removes the flat 5-percent maximum interest rate on operating loans. In its place, and in an effort to more accurately reflect actual cost of money, the bill provides for a rate equal to 1 percent above the current market yield of outstanding U.S. obligations.

The bill will actually make it possible for a farmer to convert his entire farm to recreational purposes using agency loan programs. This is supported by the agency and its parent, the Department of Agriculture. They cite the growing need for recreational facilities and the shrinking land available for such purposes.

There are no minority views.

Mr. Speaker, I urge the adoption of the rule.

Mr. POAGE. Mr. Speaker, I call up the bill (H.R. 18209) to amend the Consolidated Farmers Home Administration Act of 1961, as amended, to provide for loans to supplement farm income and to provide for additional recreation loans, extend the period for water and sewer grants prior to completion of a comprehensive plan, increase the amount of unsold insured loans that may be made out of the fund, raise the aggregate annual limits on grants, remove the annual ceiling on insured loans, and for other purposes, and ask unanimous consent that the bill be considered in the House as in the Committee of the Whole.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read the bill, as follows:

H.R. 18209

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the

Consolidated Farmers Home Administration Act of 1961, as amended, is further amended as follows:

The first sentence of section 303 is amended to read as follows: "Loans may be made or insured under this subtitle for (1) acquiring, enlarging, or improving farms, including farm buildings, land and water development, use and conservation, (2) recreational uses and facilities, (3) enterprises needed to supplement farm income, (4) refinancing existing indebtedness, and (5) loan closing costs."

Sec. 2. Section 304 is amended by inserting "(a)" after "subtitle", and by changing the period at the end of the section to a comma and adding the following: "not including recreational uses and facilities, and (b) without regard to the requirements of sections 302 (2) and (3), to individual farmowners or tenants to finance outdoor recreational enterprises or to convert to recreational uses their farming or ranching operations, including those heretofore financed under this title."

Sec. 3. Section 306(a) (2) is amended by changing "\$50,000,000" to "\$150,000,000".

Sec. 4. The last sentence of section 306(a) (3) is amended by changing "1968" to "1971".

Sec. 5. Section 306(a) (6) is amended by changing "\$5,000,000" to "\$25,000,000".

Sec. 6. Section 306 is further amended by adding at the end thereof the following:

"(d) An applicant for a loan under this section for a water or sewer project to serve any area in any city or town shall, together with the Secretary, make all reasonable efforts to obtain private or cooperative financing of the project; and where such efforts are unsuccessful, the Administrator of the Farmers Home Administration shall personally so determine and furnish a report thereon prior to the approval of the loan to the Committee on Agriculture and Forestry of the Senate and the Committee on Agriculture of the House of Representatives. Whenever, in the judgment of the Secretary, a sewer or water project can be financed through a grant under this section and a loan from private or cooperative sources as advantageously to the applicant and as economically to the Government as through financing by the Government under this section (taking an allowance to cover current administrative costs into account), the Secretary shall require the applicant to obtain such loan from private or cooperative sources.

"(e) Each department or agency of the Federal Government which is authorized to furnish financial assistance for any of the purposes for which financial assistance may be furnished under this section shall carefully review each application for such assistance received by it, determine whether the needs of the applicant may be better served by another department or agency, and, if so, advise the applicant and such other department or agency of such determination. The President shall issue such rules and regulations as he deems necessary or desirable to assure (1) the coordination of the program authorized by this Act with related programs of other agencies, including the Department of Housing and Urban Development, the Department of Commerce, and the Department of the Interior; and (2) the availability to prospective applicants of information on the alternative programs available to them."

Sec. 7. Section 308 is amended by striking the word "Loans" from the beginning of the first sentence and inserting in lieu thereof "Until October 1, 1971, loans" and by striking the comma after the word "Secretary" and the phrase "aggregating not more than \$450,000,000 in any one year,".

Sec. 8. Section 309(f) is amended by changing "\$50,000,000" to "\$100,000,000".

Sec. 9. Section 312 is amended by (a) revising subsection (4) to read as follows: "(4) financing land and water development, use, and conservation,"; (b) inserting new items (5) and (6) to read as follows: "(5) without

regard to the requirements of section 311 (2) and (3), to individual farmers or ranchers to finance outdoor recreational enterprises or to convert to recreational uses their farming or ranching operations, including those heretofore financed under this title, (6) enterprises needed to supplement farm income,"; and (c) by renumbering the present items "(5), (6), and (7)" to "(7), (8), and (9)".

SEC. 10. Section 313 is amended by changing the colon after "\$35,000" to a comma, and by striking the proviso in item (1).

SEC. 11. Section 316 is amended by (a) striking from the first sentence "at an interest rate not to exceed 5 per centum per annum," and (b) adding at the end of the section the following: "Loans made under this subtitle shall bear interest at a rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of such loans, adjusted to the nearest one-eighth of 1 per centum, plus not to exceed 1 per centum per annum as determined by the Secretary."

SEC. 12. Section 331 is amended by adding a new subsection (f) at the end thereof to read as follows:

"(f) Release mortgage and other contract liens if it appears that they have no present or prospective value or that their enforcement likely would be ineffectual or uneconomical."

SEC. 13. Section 333(b) of the Consolidated Farmers Home Administration Act of 1961 is amended by inserting "310," after "306," in both places and striking the word "farming".

With the following committee amendments:

On page 2, line 16, delete "\$150,000,000", and insert "\$100,000,000".

On page 2, line 20, delete "\$25,000,000", and insert "\$15,000,000".

On page 2, beginning on line 21, strike out all of SEC. 6. Redesignate SECS. 7, 8, 9, 10, 11, 12, and 13 as SECS. 6, 7, 8, 9, 10, 11 and 12, respectively.

On page 5, beginning on line 22, strike out the words "inserting '310,' after '306,' in both places and".

The committee amendments were agreed to.

Mr. POAGE. Mr. Speaker, I move to strike the last word.

Mr. Speaker, this bill contemplates a substantial increase in the services provided by the Farmers Home Administration. Farmers Home has made an enviable record. It has done for many rural areas many of the things we are doing for urban areas, and it has done these things with a minimum of cost to the Government.

This bill would increase the purposes for which loans could be made in rural areas so as to include enterprises which would supplement or even supplant farm income as such, including the conversion of farms to recreation without requiring the farmer to remain dependent upon agriculture. In other words, this would help certain farmers shift from agriculture to non-agricultural pursuits. This section involves no grants. It is entirely a loan program.

There is an increase in the authority to make grants for water and sewer systems. Under the Poage-Aiken bill, Farmers Home Administration makes loans for such systems in rural communities of less than 5,500 population

and supplements them with grants. In the past the limit has been \$50 million. We increase this limit to \$100 million, with an additional \$15 million for planning, and extend the time in which such planning may take place until October 1, 1971.

There are a number of what might be called "housekeeping" provisions.

First. We increase by \$50 million the amount of loans which may be held at any one time in the agriculture credit insurance fund pending sales. This is simply to make the handling of these funds a little more efficient. It does not increase lending authority.

Second. We remove the proviso that 75 percent of the funds available for operating loans shall be restricted to loans of \$15,000, or less. We do not remove the upper limit of \$35,000 per loan. This is needed to care for the constantly increasing costs of making a crop.

Third. We give the Secretary of Agriculture authority to release valueless liens.

Then the bill does two more important things. It removes the annual ceiling on insured loans. This does not increase the obligation of the Government but it does allow us to bring more money in from private sources.

Finally, we remove the 5-percent maximum rate of interest on operating loans and establish a rate equal to 1 percent more than the current average market yield on outstanding marketable obligations of the United States, adjusted to the nearest one-eighth of 1 percent.

This bill amends the provision of the Consolidated Farmers Home Administration Act of 1961, dealing with the interest rate on loans under subtitle B—operating loans. The current rate for subtitle B loans is 5 percent; but the law permits the Secretary to fix the rate at any rate up to 5 percent. The bill provides for an annual basic interest rate determined by the Secretary of the Treasury, taking into consideration the current average market yield on outstanding marketable obligations of the Government with comparable maturities. That rate for fiscal 1969 would be 5¾ percent based on the May 1968 Treasury yield. For fiscal 1968 it would have been 4¾ percent based on the May 1967 Treasury yield. The bill would authorize the Secretary to increase the annual interest rate to the borrower by not to exceed 1 percent per annum. The rate established for each loan would remain constant for the life of the loan.

Mr. Speaker, I believe that covers the matters included in the bill.

Mr. Speaker, I believe this bill will be helpful to agriculture, and to the country, and I urge the passage of the bill.

Mr. ICHORD. Mr. Speaker, for some time I have been greatly concerned about the adequacy the Farmers Home Administration program in rural communities for the development of rural water and sewer systems. This program is rapidly becoming one of the most constructive and progressive programs ever devised by the Federal Government, and I feel that all possible haste should be made to expand and enlarge the program. No other program can do more in strengthening the rural economy of

America than this, the FHA, water and sewer program.

H.R. 18209 increases the limit for grants for financing rural water and sewer projects from \$50,000,000 to \$100,000,000. I hope it is possible to permit full funding of the \$100,000,000 as these grants many times are the determining factor in the establishment of modern water and waste disposal facilities in rural communities. Too many rural areas still labor under antiquated and primitive water systems and waste disposal which create real health hazards and contribute enormously to the Nation's serious water pollution problems. Certainly, these environmental conditions prevailing in some underdeveloped areas should be eliminated by first insuring a clear, clean, and healthful water supply and by providing for the orderly disposal of wastes. Increasing the FHA grant limitations is a gigantic step forward for rural America, and I enthusiastically support the provisions of H.R. 18209.

I am also glad to see that an increase in allowances for comprehensive planning grants is provided in this bill raising the limit from \$5,000,000 to \$15,000,000. It also extends the period of time under which grant assistance can be made to towns and cities developing comprehensive plans of community growth. These provisions will enable many of the towns and villages already working progressively toward rural area development to continue with their constructive programs. Self-help programs of this nature designed to promote and advance local rural economies through community development contribute many times over the initial cost to the national economy. The original outlay is returned to the Federal Government severalfold in the final analysis.

H.R. 18209 further strengthens the FHA water and sewer program by removing the ceiling on insured loans. It is a more realistic approach, I believe, to establish the flexible ceiling proposed in section 6, based on the demand for loans and the need for community facilities.

The rural water program, Mr. Speaker, is the greatest program for rural America since the establishment of REA in 1935. I have seen rural neighborhoods revitalized and the quality of rural living improved overnight with the establishment of water districts. New and better rural housing is immediately constructed along the waterlines. More people are attracted to rural living. I believe that this program has great potential to relieve the pressure on our overpopulated urban areas. H.R. 18209 should be overwhelmingly passed in order that the program may go forward.

Mr. GATHINGS. Mr. Speaker, the gentleman from Texas [Mr. Poage], chairman of the House Committee on Agriculture, has done a good job in explaining the bill now before the House, H.R. 18209. This legislation amends the Consolidated Farmers Home Administration Act. There is great need for an agency of the Department of Agriculture to make available loans for various purposes to farm people. The Farmers Home Administration has filled this need.

I recall how difficult it was to obtain funds to finance the production of a crop during the depression years. Farm production loans were very difficult to obtain through private sources. The Farmers Home Administration makes operating loans or crop production loans to people who could not obtain financing from any other source. The operating loans go to the small farmer. Many of these farmers each year who have obtained these operating loans from the Farmers Home Administration find themselves in a position to qualify for loans from private sources. Their net worth has been increasing, their farm implements accounts are being liquidated and these borrowers through their successful efforts on the farm find ready credit from production credit associations, local banking institutions and other sources. All of which is due to the Farmers Home Administration giving them a start by financing their crop operations.

When calamity strikes in the form of excessive rainfall, floods, hailstorms, or other disasters making it impossible for producers to obtain financing from private sources, they are eligible for emergency crop loans through the Farmers Home Administration. This great organization has kept farmers farming, both through operating loans and disaster loans.

The repayment rate on these loans is miraculous. The evidence before our committee indicates that 98 percent of the crop production loans have been repaid. This is due to the fact that the Farmers Home Administration is administered by the highest type of dedicated and capable officials. The field forces consisting of county managers, committees, and the State office personnel play a major role in the most successful operation of the various programs falling under the jurisdiction of the Farmers Home Administration. These people are familiar with the background of farmers as well as local problems generally.

I urge the approval of this sound and meritorious legislation. It is badly needed.

Mr. ZWACH. Mr. Speaker, H.R. 18209 is a very important bill for the thousands of smaller communities in our country, and for those farmers who may be considering other uses of their farm land rather than the producing of food and fiber.

The changes in the Farmers Home Administration found in H.R. 18209, will have a tremendously good effect on the development of our countryside. Under the law, farmers who had the opportunity of developing recreational resources on their farm for public use, were required to continue to farm in order to be eligible for such an FHA loan. This restriction is removed, and this act also will allow entire farms to be devoted to these commercial enterprises.

In addition, the bill increases the funds available for grants and loans to villages for construction of sewer and water systems or improvements. This should be of major benefit to those rural towns in their intensive efforts to attract and develop industrial interests. The present loan limitations have been

raised considerably for rural businesses, and at the same time, some of the restrictive eligibility requirements have been loosened.

Section 5 of the bill raises the planning grant authority by \$10 million. Testimony at our hearings indicated that applications at the rate of 65 per month had been received even after all funds were exhausted. This then should permit the very vital comprehensive planning for the most efficient and economical community development.

I encourage my colleagues who want to assist in establishing a balance in the urban-rural economy of our Nation to support this bill.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

The SPEAKER. Pursuant to the provisions of House Resolution 1272, the Committee on Agriculture is discharged from the further consideration of the bill S. 1504.

The Clerk read the title of the Senate bill.

MOTION OFFERED BY MR. POAGE

Mr. POAGE. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. POAGE moves to strike out all after the enacting clause of the bill S. 1504 and insert in lieu thereof the provisions contained in the bill H.R. 18209, as passed, as follows:

"That the Consolidated Farmers Home Administration Act of 1961, as amended, is further amended as follows:

"The first sentence of section 303 is amended to read as follows: 'Loans may be made or insured under this subtitle for (1) acquiring, enlarging, or improving farms, including farm buildings, land and water development, use and conservation, (2) recreational uses and facilities, (3) enterprises needed to supplement farm income, (4) refinancing existing indebtedness, and (5) loan closing costs.'

"Sec. 2. Section 304 is amended by inserting '(a)' after 'subtitle,' and by changing the period at the end of the section to a comma and adding the following: 'not including recreational uses and facilities, and (b) without regard to the requirements of sections 302 (2) and (3), to individual farmowners or tenants to finance outdoor recreational enterprises or to convert to recreational uses their farming or ranching operations, including those heretofore financed under this title.'

"Sec. 3. Section 306(a) (2) is amended by changing '\$50,000,000' to '\$100,000,000'.

"Sec. 4. The last sentence of section 306(a) (3) is amended by changing '1968' to '1971'.

"Sec. 5. Section 306(a) (6) is amended by changing '\$5,000,000' to '\$15,000,000'.

"Sec. 6. Section 308 is amended by striking the word 'Loans' from the beginning of the first sentence and inserting in lieu thereof 'Until October 1, 1971, loans' and by striking the comma after the word 'Secretary' and the phrase 'aggregating not more than \$450,000,000 in any one year.'

"Sec. 7. Section 309(f) is amended by changing '\$50,000,000' to '\$100,000,000'.

"Sec. 8. Section 312 is amended by (a) revising subsection (4) to read as follows: '(4) financing land and water development, use, and conservation,'; (b) inserting new items (5) and (6) to read as follows: '(5) without regard to the requirements of section 311 (2) and (3), to individual farmers or ranchers to finance outdoor recreational enterprises or to convert to recreational uses their farming or ranching operations, including those heretofore financed under this title, (6) en-

terprises needed to supplement farm income,'; and (c) by renumbering the present items '(5), (6), and (7)' to '(7), (8), and (9)'.

"Sec. 9. Section 313 is amended by changing the colon after '\$35,000' to a comma, and by striking the proviso in item (1).

"Sec. 10. Section 316 is amended by (a) striking from the first sentence 'at an interest rate not to exceed 5 per centum per annum,' and (b) adding at the end of the section the following: 'Loans made under this subtitle shall bear interest at a rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of such loans, adjusted to the nearest one-eighth of 1 per centum, plus not to exceed 1 per centum per annum as determined by the Secretary.'

"Sec. 11. Section 331 is amended by adding a new subsection (f) at the end thereof to read as follows:

"'(f) Release mortgage and other contract liens if it appears that they have no present or prospective value or that their enforcement likely would be ineffectual or uneconomical.'

"Sec. 12. Section 333(b) of the Consolidated Farmers Home Administration Act of 1961 is amended by striking the word 'farming'."

The motion was agreed to.

The Senate bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House bill (H.R. 18209) was laid on the table.

GENERAL LEAVE TO EXTEND

Mr. POAGE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days to extend their remarks on this subject.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

FOREIGN SERVICE INFORMATION OFFICER CORPS FOR U.S. INFORMATION AGENCY

Mr. COLMER. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 1255 and ask for its immediate consideration.

The Clerk read as follows:

H. RES. 1255

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 633) to promote the foreign policy of the United States by strengthening and improving the Foreign Service personnel system of the United States Information Agency through establishment of a Foreign Service Information Officer Corps. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Foreign Affairs, the bill shall be read for amendment under the five-minute rule. It shall be in order to consider without the intervention of any point of order the amendment recommended by the Committee on Foreign Affairs now printed in the bill. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted,

with the Senator the hope that we may secure better results next year.

Mr. MONRONEY. Mr. President, the distinguished Senator was a most effective and diligent member of the committee. I do appreciate the great efforts he made in this field.

ESTABLISHMENT OF A FOREIGN SERVICE INFORMATION OFFICER CORPS

Mr. SPARKMAN. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on S. 633.

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 633) to promote the foreign policy of the United States by strengthening and improving the Foreign Service personnel system of the U.S. Information Agency through establishment of a Foreign Service Information Officer Corps which was on page 9, after line 14, insert:

TENURE OF FOREIGN SERVICE RESERVE OFFICERS

SEC. 15. (a) Any officer appointed as a Foreign Service Reserve officer after the date of enactment of this Act may serve as such for not more than five years. During such period (no sooner than the expiration of the third year but no later than the expiration of the fifth year) such Foreign Service Reserve officer shall be appointed as a Foreign Service officer, Foreign Service Information Officer, Foreign Service Reserve officer with unlimited tenure, Foreign Service Staff officer, or shall be terminated as a Foreign Service Reserve officer.

(b) Notwithstanding the provisions of sections 522 and 527 of the Foreign Service Act of 1946, as amended, an appointment of any Foreign Service Reserve officer existing on the date of enactment of this Act may be extended, but not beyond the expiration of the five-year period beginning on such date of enactment.

RETIREMENT AND SEPARATION OF FOREIGN SERVICE RESERVE OFFICERS

SEC. 16. (a) In accordance with such regulations as the President may prescribe, any Foreign Service Reserve officer with unlimited tenure shall become a participant in the Foreign Service retirement and disability system and shall make a special contribution to the Foreign Service Retirement and Disability Fund in accordance with the provisions of section 852 of the Foreign Service Act of 1946, as amended. Beginning on the date of enactment of this Act, any Reserve officer referred to in the preceding sentence shall be mandatorily retired for age in accordance with the provisions of subsections (c) and (d) of section 9 of this Act.

(b) The provisions of sections 633 and 634 of the Foreign Service Act of 1946, as amended, shall apply to Foreign Service Reserve officers with unlimited tenure.

PRESENT FOREIGN SERVICE RESERVE OFFICERS

SEC. 17. Any Foreign Service Reserve officer appointed before the date of enactment of this Act who has completed at least three years of continuous and satisfactory service as such on such date of enactment, or who will have completed at least three years of such service before the expiration of the three-year period beginning on such date of enactment, may be appointed as a Foreign Service Reserve officer with unlimited tenure.

LIMITATION ON EXTENSION OF FOREIGN SERVICE RESERVE OFFICER APPOINTMENTS

SEC. 18. Paragraph (3) of section 522 of the Foreign Service Act of 1946, as amended, is amended by inserting immediately before the

period at the end thereof the following: "except that the authority contained in this paragraph relating to extending the appointment of any Reserve officer, and to continuing the services of any such Reserve officer by reappointment, shall not be applicable to the Department of State and the United States Information Agency".

EXCLUSION OF CERTAIN AGENCIES

SEC. 19. The provisions of sections 15, 16, and 17 of this Act shall not apply to officers and employees of the Agency for International Development, the Peace Corps, and the Arms Control and Disarmament Agency.

Mr. SPARKMAN. The bill creates a career service for information officers of the U.S. Information Agency. The bill was introduced by the Senator from Rhode Island [Mr. PELL], a member of the Committee on Foreign Relations. The Pell bill—now the "Pell-Hays Act"—was the subject of hearings within the committee and was approved by the Senate on November 13, 1967.

When the bill was considered by the House of Representatives, it was approved with one amendment which I am sure the Senate will have no problem in accepting.

That amendment does away with an anomaly which has existed under the Foreign Service Act for many years, namely, that Foreign Service Reserve officers continue to have their periods of tenure extended by annual provisions in appropriations acts, thus circumventing the intent of the Foreign Service Act that their tenure be temporary.

The House amendment makes it clear that Foreign Service Reserve officers may continue as such for not more than 5 years. Thereafter, their service shall be terminated unless they have in the interim been appointed as career officers in the Department of State, as Foreign Service information officers, as a Foreign Service Reserve officer with unlimited tenure, or as a Foreign Service staff officer.

I ask unanimous consent that those portions of the report of the Committee on Foreign Affairs of the House of Representatives dealing with this subject be printed at this point in the RECORD.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

SECTION 15

Subsection (a) provides that any officer appointed as a Foreign Service Reserve officer after the date of enactment of this act may serve in that capacity for no more than 5 years. Under the authority of section 522 of the Foreign Service Act of 1946, as amended, such appointments may be made for an initial period of 5 years and extended for an additional 5 years—a total of 10 years. A provision in the annual appropriation acts of the Department of State and of USIA has permitted an annual extension for those whose appointments expired during the next fiscal year. Thus the Reserve category, intended to be one of limited duration, has gradually become one of indefinite duration.

The committee recognizes the need to obtain the services of specialists and technicians in each of the two agencies. But it is convinced that they should be temporary appointees. If their services are necessary, they should be given tenure; if not, they should be terminated. This subsection specifies that at any time after 3 years and before the end of 5 years the agency must deter-

mine whether to terminate a Reserve appointment or, in the discretion of the Secretary or the Director, give unlimited status to a Reserve as a Foreign Service officer, a Foreign Service information officer, a Foreign Service Reserve officer with unlimited tenure, or a Foreign Service Staff officer in accordance with provisions of a law applicable to those categories of officers.

Subsection (b) provides that Foreign Service Reserve officers holding appointments as such on the date of enactment of this act may be extended for a period not to exceed 5 years. This will permit an orderly phaseout of those officers who cannot, or do not wish to, secure an unlimited appointment.

SECTION 16

Subsection (a) provides that a Foreign Service Reserve officer who is given unlimited tenure shall become a participant in the Foreign Service retirement and disability system and shall transfer his contributions from the civil service or other retirement system under which he has been covered to the Foreign Service retirement and disability fund. The reference to subsections (c) and (d) of section 9 of this act makes applicable the provisions for mandatory retirement for age.

Subsection (b) makes applicable to Foreign Service Reserve officers with unlimited tenure those sections of the Foreign Service Act of 1946, as amended, that deal with separation and retirement benefits. These sections apply in the same manner and under the same general terms and conditions as now apply to Foreign Service officers and as will apply to Foreign Service information officers under other sections of this act.

SECTION 17

The section covers Foreign Service Reserve officers now on the rolls of the Department of State and USIA. It makes eligible for appointment of unlimited tenure such officers who have or will have completed at least 3 years of continuous and satisfactory service. Such appointments will be granted in the discretion of the Secretary or the Director.

SECTION 18

This section amends section 522(3) of the Foreign Service Act of 1946, as amended, by limiting to a maximum of 5 years the appointment of Foreign Service Reserve officers of the Department of State and USIA. Individuals from Government agencies other than the Department of State and the Agency are assigned to these two agencies as Foreign Service Reserve officers. They have reemployment and reinstatement rights in their employing agency and are in a sense temporary employees of the two agencies. The amendment continues the authority in existing law to extend the assignment of such individuals for an additional 5 years. It is expected, however, that this authority will be used sparingly. The committee recognizes the need for the continuation of the assignment authority but does expect the Department of State or the Agency to use this assignment authority to avoid granting career status to Reserve officers by assignment as such from within their own agency.

SECTION 19

This section excludes the Agency for International Development, the Peace Corps, and the Arms Control and Disarmament Agency from the provisions of sections 15, 16, and 17 of this act.

Mr. PELL. Mr. President, we are living today in the midst of what might well be called the age of communications. There are more ways for man to talk to his fellowman than ever before in history. Happily this country leads the world in development of communication devices employing all the latest mechanical and electronic inventions. This country also

has no peers in its present great outpouring of literature, painting, sculpture, music—which can be described as artistic communication.

It is vital that as a Nation we speak to the people of other nations with our best communications foot forward. Since 1953 our Government has had the appropriate, independent mechanism for doing so—the U.S. Information Agency. Since that time the USIA has grown to be an important part of America's foreign policy community both in Washington and overseas. Its mission has been to use communications techniques to win understanding abroad for the United States, its foreign policies, its people, and its culture. Considering it has labored under one serious handicap, the USIA has carried out its assignment effectively.

This handicap has been the fact that the professional personnel of the agency have been denied a career service. Mr. President, it is self-evident that if we are to have the best possible information service to tell America's story to the world we must have the best communications experts to do the job. USIA's top professionals for 15 years have had to work as temporary employees. This condition has hurt morale and threatened the long-range excellence of the Agency's performance. It has also caused increasing difficulty in attracting young and able people into making USIA their career.

I am delighted that this day Congress has eliminated this longstanding deficiency in such an important agency of government by passing the Pell-Hayes bill, S. 633, for a career service for USIA.

I am confident that the USIA will move firmly within the provisions of this act to bring its service to the highest excellence. Young people with skills and background in all types of communications can look to the USIA as a place where they can practice their profession proudly. Year by year recruitment should now be greatly stimulated. Within the Agency, training measures can be employed to improve officers in the performance of the Agency's particular mission. And both in Washington and in the scores of overseas posts USIA officers can now work with the tranquillity that a rule career service affords the deserving professional who has earned a place in it.

Mr. SPARKMAN. Mr. President, I move that the Senate concur in the amendment of the House of Representatives to S. 633.

The motion was agreed to.

DISPOSAL OF BERYL ORE

Mr. BENNETT. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on H.R. 14367.

The PRESIDING OFFICER laid before the Senate a message from the House of Representatives announcing its action on the Senate amendment to H.R. 14367, which was read as follows:

Resolved, That the House disagree to the amendment of the Senate to H.R. 14367, an act to authorize the disposal of beryl ore from the National Stockpile and the Supplemental Stockpile.

Mr. BENNETT. Mr. President, inasmuch as the stockpile disposal law already requires the use of sealed bids on a competitive basis in the disposal of beryl, it seems to me the amendment is redundant.

I move that the Senate recede from its amendment to the bill.

Mr. SYMINGTON. Mr. President, will the Senator yield?

Mr. BENNETT. I yield.

Mr. SYMINGTON. Mr. President, for the benefit of the Senate, the Subcommittee on National Stockpile and Naval Petroleum Reserves is in agreement with the position taken by the distinguished Senator from Utah, and we have no objection to this amendment being cleared at this time.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Utah.

The motion was agreed to.

AMENDMENT OF CONSOLIDATED FARMERS HOME ADMINISTRATION ACT OF 1961

Mr. AIKEN. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on S. 1504.

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 1504) to amend the Consolidated Farmers Home Administration Act of 1961, as amended, to provide for loans for enterprises to supplement farm income and for farm conversion to recreation, remove the annual ceiling on insured loans, increase the amount of unsold insured loans that may be made out of the fund, raise the aggregate annual limits on grants, establish a flexible loan interest rate, and for other purposes which was to strike out all after the enacting clause, and insert:

That the Consolidated Farmers Home Administration Act of 1961, as amended, is further amended as follows:

The first sentence of section 303 is amended to read as follows: "Loans may be made or insured under this subtitle for (1) acquiring, enlarging, or improving farms, including farm buildings, land and water development, use and conservation, (2) recreational uses and facilities, (3) enterprises needed to supplement farm income, (4) refinancing existing indebtedness, and (5) loan closing costs."

SEC. 2. Section 304 is amended by inserting "(a)" after "subtitle", and by changing the period at the end of the section to a comma and adding the following: "not including recreational uses and facilities, and (b) without regard to the requirements of sections 302 (2) and (3), to individual farmowners or tenants to finance outdoor recreational enterprises or to convert to recreational uses their farming or ranching operations, including those heretofore financed under this title."

SEC. 3. Section 306(a)(2) is amended by changing "\$50,000,000" to "\$100,000,000".

SEC. 4. The last sentence of section 306(a)(3) is amended by changing "1968" to "1971".

SEC. 5. Section 306(a)(6) is amended by changing "\$50,000,000" to "\$15,000,000".

SEC. 6. Section 308 is amended by striking the word "Loans" from the beginning of the first sentence and inserting in lieu thereof "Until October 1, 1971, loans" and by striking the comma after the word "Secretary" and the phrase "aggregating not more than \$450,000,000 in any one year."

SEC. 7. Section 309(f) is amended by changing "\$50,000,000" to "\$100,000,000".

SEC. 8. Section 312 is amended by (a) revising subsection (4) to read as follows: "(4) financing land and water development, use, and conservation,"; (b) inserting new items (5) and (6) to read as follows: "(5) without regard to the requirements of section 311 (2) and (3), to individual farmers or ranchers to finance outdoor recreational enterprises or to convert to recreational uses their farming or ranching operations, including those heretofore financed under this title, (6) enterprises needed to supplement farm income,"; and (c) by renumbering the present items "(5), (6), and (7) to "(7), (8), and (9)".

SEC. 9. Section 313 is amended by changing the colon after "\$35,000" to a comma, and by striking the proviso in item (1).

SEC. 10. Section 316 is amended by (a) striking from the first sentence "at an interest rate not to exceed 5 per centum per annum," and (o) adding at the end of the section the following: "Loans made under this subtitle shall bear interest at a rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of such loans, adjusted to the nearest one-eighth of 1 per centum, plus not to exceed 1 per centum per annum as determined by the Secretary."

SEC. 11. Section 331 is amended by adding a new subsection (f) at the end thereof to read as follows:

"(f) Release mortgage and other contract liens if it appears that they have no present or prospective value or that their enforcement likely would be ineffectual or uneconomical."

SEC. 12. Section 333(b) of the Consolidated Farmers Home Administration Act of 1961 is amended by striking the word "farming".

Mr. AIKEN. Mr. President, this bill passed the Senate unanimously last year. It has just passed the House with minor amendments.

I move that the Senate concur in the amendments of the House.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. AIKEN. I yield.

Mr. HOLLAND. Am I correct in my understanding that this matter has been cleared with and approved by the Senator from Louisiana?

Mr. AIKEN. Yes. I have discussed it with the chairman of the Committee on Agriculture and Forestry, the Senator from Louisiana, and also the Senator from Florida. I would appreciate the cooperation of both. The Senator from Louisiana said he had no objections.

The House did reduce the overall authorization from \$150 million to \$100 million for rural water and sewage plants.

Mr. HOLLAND. I thank the Senator.

Mr. AIKEN. The amendments of the House are all minor and, in fact, improve the bill.

The PRESIDING OFFICER (Mr. INOUYE in the chair). The question is on agreeing to the motion of the Senator from Vermont.

The motion was agreed to.

ORDER OF BUSINESS

The PRESIDING OFFICER. What is the will of the Senate?



Public Law 90-488
90th Congress, S. 1504
August 15, 1968

An Act

To amend the Consolidated Farmers Home Administration Act of 1961, as amended, to provide for loans for enterprises to supplement farm income and for farm conversion to recreation, remove the annual ceiling on insured loans, increase the amount of unsold insured loans that may be made out of the fund, raise the aggregate annual limits on grants, establish a flexible loan interest rate, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Consolidated Farmers Home Administration Act of 1961, as amended, is further amended as follows:

The first sentence of section 303 is amended to read as follows: "Loans may be made or insured under this subtitle for (1) acquiring, enlarging, or improving farms, including farm buildings, land and water development, use and conservation, (2) recreational uses and facilities, (3) enterprises needed to supplement farm income, (4) refinancing existing indebtedness, and (5) loan closing costs."

SEC. 2. Section 304 is amended by inserting "(a)" after "subtitle", and by changing the period at the end of the section to a comma and adding the following: "not including recreational uses and facilities, and (b) without regard to the requirements of sections 302 (2) and (3), to individual farmowners or tenants to finance outdoor recreational enterprises or to convert to recreational uses their farming or ranching operations, including those heretofore financed under this title."

SEC. 3. Section 306(a) (2) is amended by changing "\$50,000,000" to "\$100,000,000".

SEC. 4. The last sentence of section 306(a) (3) is amended by changing "1968" to "1971".

SEC. 5. Section 306(a) (6) is amended by changing "\$5,000,000" to "\$15,000,000".

SEC. 6. Section 308 is amended by striking the word "Loans" from the beginning of the first sentence and inserting in lieu thereof "Until October 1, 1971, loans" and by striking the comma after the word "Secretary" and the phrase "aggregating not more than \$450,000,000" in any one year,".

SEC. 7. Section 309(f) is amended by changing "\$50,000,000" to "\$100,000,000".

SEC. 8. Section 312 is amended by (a) revising subsection (4) to read as follows: "(4) financing land and water development, use, and conservation,"; (b) inserting new items (5) and (6) to read as follows: "(5) without regard to the requirements of section 311 (2) and (3), to individual farmers or ranchers to finance outdoor recreational enterprises or to convert to recreational uses their farming or ranching operations, including those heretofore financed under this title, (6) enterprises needed to supplement farm income,"; and (c) by renumbering the present items "(5), (6), and (7)" to "(7), (8), and (9)".

SEC. 9. Section 313 is amended by changing the colon after "\$35,000" to a comma, and by striking the proviso in item (1).

SEC. 10. Section 316 is amended by (a) striking from the first sentence "at an interest rate not to exceed 5 per centum per annum," and (b) adding at the end of the section the following: "Loans made under this subtitle shall bear interest at a rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of such loans, adjusted to the nearest one-eighth of 1 per centum,

Consolidated
Farmers Home
Administration
Act of 1961,
amendment.
75 Stat. 307.
7 USC 1923.

7 USC 1924.

7 USC 1922.

79 Stat. 931.
7 USC 1926.

7 USC 1928.

80 STAT. 770
80 STAT. 771

7 USC 1929.

7 USC 1942.

7 USC 1941.

7 USC 1943.

Interest rates.
7 USC 1946.

plus not to exceed 1 per centum per annum as determined by the Secretary."

Valueless liens. SEC. 11. Section 331 is amended by adding a new subsection (f) at the
7 USC 1981. end thereof to read as follows:

"(f) Release mortgage and other contract liens if it appears that they have no present or prospective value or that their enforcement likely would be ineffectual or uneconomical."

7 USC 1983. SEC. 12. Section 333(b) of the Consolidated Farmers Home Administration Act of 1961 is amended by striking the word "farming".

Approved August 15, 1968.

LEGISLATIVE HISTORY:

HOUSE REPORT No. 1635 accompanying H. R. 18209 (Comm. on Agriculture).

SENATE REPORT No. 540 (Comm. on Agriculture & Forestry).

CONGRESSIONAL RECORD:

Vol. 113 (1967): Aug. 28, considered and passed Senate.

Vol. 114 (1968): Aug. 2, considered and passed House, amended,
in lieu of H. R. 18209.

Aug. 2, Senate concurred in House amendments.

Citizens Advisory Committee on Recreation and Natural Beauty

Announcement of Reappointments and Appointments of Members. August 17, 1968

President Johnson today announced 10 reappointments and two new appointments of members to the Citizens Advisory Committee on Recreation and Natural Beauty for staggered terms.

The 12 members serve without compensation.

The purpose of the Committee is to advise both the President and the President's Council on Recreation and Natural Beauty on matters relative to (1) outdoor recreation and the beautification of our Nation's cities and countryside, (2) the correlation of natural beauty and outdoor recreation activities by Federal agencies and bureaus, and (3) local, State, and private outdoor recreation and natural beauty activities.

The appointments announced by the President include:

Three-year terms

LAURANCE ROCKEFELLER, Chairman, Rockefeller Brothers, Inc., of New York, for reappointment and designation as Chairman
HARRY M. WEESE, architect, Harry Weese & Associates, of Chicago, Ill., for reappointment
GRACE HAMILTON, Community Relations Counselor of Hamilton Associates of Atlanta, Ga., for reappointment
JOHN BEN SHEPPERD, President, Texas Historical Survey Committee, of Odessa, Texas, new appointment, replacing Bob Smith of Houston, Texas.

Two-year terms

JOSEPH H. DAVIS, President, Washington State Labor Council, AFL-CIO, of Seattle, Wash., for reappointment
JEAN FASSLER, Supervisor, San Mateo County, of Coastsides, Calif., for reappointment
JAMES H. EVANS, Chairman of the Board, National Recreation and Park Association, of New York, for reappointment
GORDON K. ZIMMERMAN, Executive Secretary, National Association of Soil and Water Conservation Districts, of the District of Columbia for reappointment

One-year terms

DEWITT C. GREER, former State Highway Engineer, of Austin, Texas, for reappointment
EDMUND N. BACON, Executive Director of Philadelphia City Planning Commission, of Pennsylvania for reappointment
CHARLES B. FRASER, President, The Sea Pines Plantation Co., of Hilton Head Island, S.C., for reappointment
MARVIN B. DURNING, lawyer, Conservationist of the Year, of Seattle, Wash., new appointment, replacing Genevieve Gillette of Ann Arbor, Mich.

NOTE: The announcement was released at Austin, Texas.

Balance of Payments

Statement by the President on a Report by Secretary of the Treasury Henry H. Fowler. August 17, 1968

I am gratified by Secretary Fowler's report on our progress in dealing with our balance of payments problem.

Our position improved because of:

- A huge inflow of capital by investors the world over, who showed renewed confidence in the strength and prospects of our economy;
- Reduced capital outflows by the American business and financial community, which cooperated fully with our balance of payments program;
- Successful negotiations with our allies to neutralize the foreign exchange cost of our military expenditures abroad, as we maintain our national security interests.
- Reductions and economies in civilian government expenditures abroad.

There is clearly much work to be done—as our disappointing trade balance shows. But we have set corrective forces in motion and they should soon show results.

- Our first and most important asset is the tax bill. It puts us in position to restore price stability at home and a strong competitive position abroad.
- We must also make creative and bold use of our new and improved export financing, export promotion, and tourist promotion machinery.

Our balance of payments program has joined public and private action and has enjoyed bipartisan support. It must not be otherwise. The strength of the dollar is important for all Americans. It is also the foundation for a strong and stable international monetary system and a means of encouraging the growth of world trade and an expanding world economy.

NOTE: The statement was released at Austin, Texas.

Consolidated Farmers Home Administration Act Amendments

Statement by the President Upon Signing the Bill Into Law. August 19, 1968

The bill we sign here today reflects the changing conditions of life in rural America.

The number of our people who are needed to produce the Nation's food and fiber on our farms is constantly declining. The number of Americans who look to rural nonfarm sources for jobs and for homes is constantly increasing.

Today only one rural American in five lives on a farm—and only one rural family in 10 derives its principal livelihood from farming. This is a measure of our opportunity to help people achieve the good life—economic opportunity, wholesome, and pleasant living conditions, strong social and cultural institutions—in nonfarm endeavors in small towns and other rural areas.

As I pointed out in my message to the Congress in February, we can reverse the trend toward overcrowd-

ing in our cities by "setting a goal of full parity of opportunity for rural America;" by creating "new jobs in the small towns of America;" and by assuring "rural America its full, fair share of educational, economic, social, and cultural opportunity."

With these amendments to the Farmers Home Administration Act, the Congress moves significantly toward these goals by:

- Making credit available to farmers to develop non-farm enterprises to supplement farm income, or to convert entire farms to recreational enterprises.
- Increasing matching funds for water and waste disposal projects in rural communities.
- Enlarging the authority to insure loans for water and waste disposal projects and for farm ownership.
- Improving credit assistance for farm families.

Significantly, this bill passed both Houses of the Congress without a dissenting vote. Thus, the further development of the Nation's resources in its rural areas is strongly reaffirmed as a national goal.

We must continue to give this goal a high priority because of the promise it holds as a key to improving the quality of life for all Americans.

NOTE: As enacted, the bill (S. 1504) is Public Law 90-488, approved August 15, 1968.

The statement was released at Austin, Texas.

Wholesome Poultry Products Act

Statement by the President Upon Signing the Bill.
August 19, 1968

Eight months ago, I signed into law the Wholesome Meat Act of 1967. That landmark bill capped a crusade that had begun 60 years ago—to assure American housewives that the meat they served their families was pure, not harmful or dirty or diseased.

Today I am proud to sign a bill that will extend the same coverage to all poultry products. It is the fulfillment of a promise I made to every housewife—in my first consumer message just after I became President.

In the early days of this century, Americans took for granted that there were risks in buying food. They even joked about it in print. One newspaper printed a little poem:

Mary had a little lamb,
and when she saw it sicken,
she shipped it off to packing town,
and now it's labeled chicken.

In 1968, we cannot tolerate the image, or the fact, of unwholesome food:

- Not when Americans last year consumed more than 12 billion pounds of poultry.

—Not when a full 13 percent of that supply—or, 1.6 billion pounds—was subject to little or no inspection because it didn't cross State lines.

That loophole did not necessarily mean that all, or even most, of those 1.6 billion pounds were unsafe.

But it did mean that shady processors could avoid Federal inspection laws by distributing tainted poultry within the same State.

It did mean that the housewife often took an unnecessary risk—for her children and herself—when she bought a chicken.

The Wholesome Poultry Products Act of 1968 will insure that dirty plants will have to clean up or close down.

It will give a State 2 years to develop an inspection system as good as the Federal system. If, at the end of that time, the State has not done so, then Federal inspection will be imposed.

It will give the States financial and technical assistance in establishing inspection programs and training inspectors.

It will let the Secretary of Agriculture take action against any plant where the State fails to correct conditions endangering the public health.

When I was a year old—the same age as my grandson is now—President Theodore Roosevelt stated a principle which has survived the test of time: That "No man may poison the people for his private profit."

I believe that. I think all Americans believe it. And this bill will help us make sure it becomes a reality.

NOTE: As enacted, the bill (H.R. 16363) is Public Law 90-492, approved August 18, 1968.

The statement was released at Austin, Texas.

Youth Opportunity Campaign

Announcement of Report to the President by Civil Service Commission Chairman John W. Macy, Jr.
August 19, 1968

Federal agencies have met summer employment goals under the Youth Opportunity Campaign for the fourth consecutive year, Chairman John W. Macy, Jr., of the Civil Service Commission has reported to President Johnson.

From May 13 through July 19, Federal agencies hired 74,755 needy young men and women throughout the Nation. At no time, however, did the number of young people on the job exceed the 70,000 ceiling authorized under the Revenue and Expenditure Control Act.

"Agency reports of hiring clearly show that the 1968 program will make a new high in Federal summer employment of young people," Chairman Macy reported.

Total hires of young people in the 16 through 21 age group had reached 111,386 by July 19, with additional

